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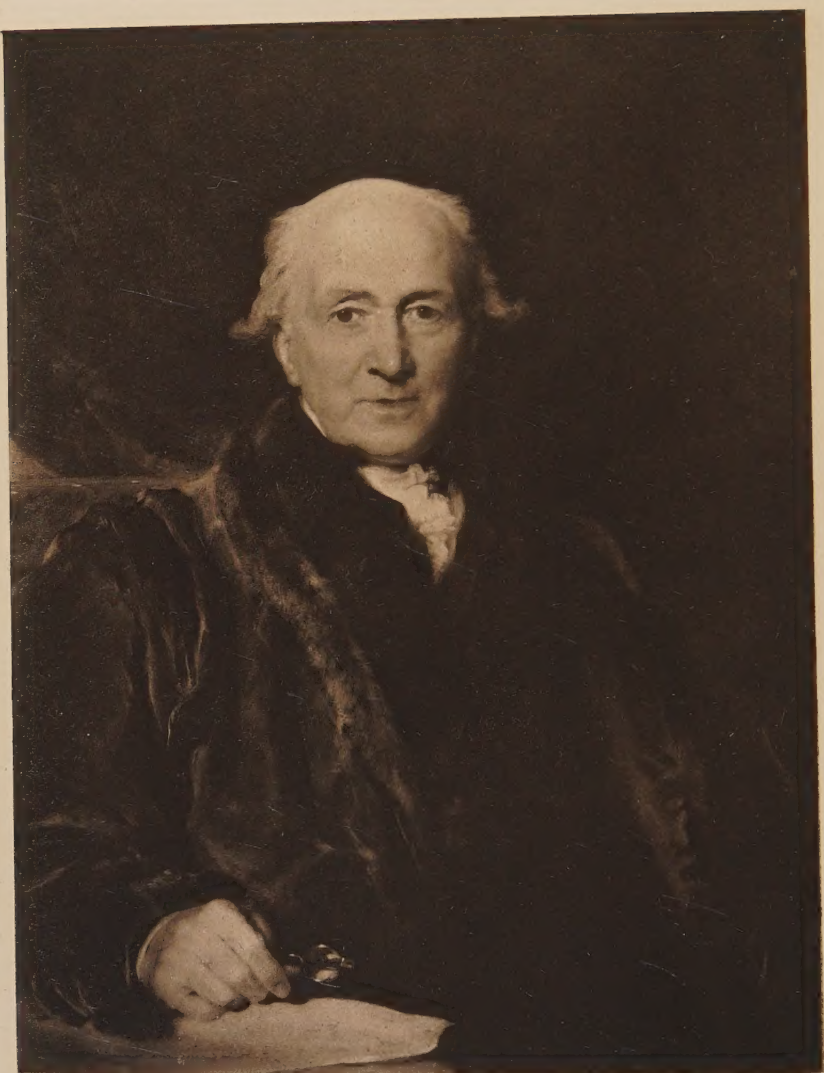


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A HISTORY OF LLOYD'S.



Sir Thomas Lawrence P.R.A. pinxit

Emery Walker phot.

John Julius Angerstein

1735-1823

Chairman of Bloyds

A HISTORY OF LLOYD'S

FROM THE FOUNDING OF LLOYD'S
COFFEE HOUSE TO THE PRESENT DAY BY

CHARLES WRIGHT

CHAIRMAN OF LLOYD'S BROKERS' ASSOCIATION

AND

C. ERNEST FAYLE

AUTHOR OF "SEABORNE TRADE"

(OFFICIAL HISTORY OF THE GREAT WAR)



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PREFACE.

ON May 23rd, 1925, when His Majesty the King laid the foundation stone of Lloyd's new building in Leadenhall Street, he spoke of "the extraordinary and romantic history of Lloyd's, and its evolution from an ordinary seventeenth century Coffee-House to the great public and international Institution familiar to us all." There are, however, many thousands to whom the name of Lloyd's is familiar, who have only the vaguest idea of its character and functions, and the story of its development, from Lloyd's Coffee House in Lombard Street to the great Corporation of to-day, has hitherto been known only very imperfectly to the Members of Lloyd's themselves. It is the object of this book to show both what Lloyd's really is, and how it became what it is. In so doing, it is believed that new light has been thrown on the commercial, naval, and social history of Great Britain.

Hitherto, the standard authority on the subject has been *The History of Lloyd's and of Marine Insurance*, published by Frederick Martin in 1876. Mr. Martin was given access to the records at Lloyd's; but his accuracy, even in direct quotation, is not always to be relied upon, and, hampered by the dual character of his subject, he left many important phases in the history of Lloyd's itself entirely unexplored. Since he wrote, the researches of Col. A. N. St. Quintin and others have added to our knowledge of Edward Lloyd and his coffee-house, and the Corporation of Lloyd's has developed along lines unguessed in 1876.

For all these reasons, the Committee of Lloyd's considered it desirable that the opening of the new premises in Leadenhall Street should be accompanied by the issue of an authoritative history of the Corporation, brought fully up to date, and based throughout on

PREFACE first-hand material. For this purpose, they have given the authors unrestricted access to the whole of the records at Lloyd's, including the invaluable series of Minute Books running back to 1771. These records, together with the business experience of one of the collaborators, extending over more than fifty years, form the main basis for the later chapters of this history. They have been supplemented, where necessary, and the story of Lloyd's Coffee House and its transformation into Lloyd's has been pieced together, from scattered references in contemporary manuscripts, newspapers, books, and pamphlets.

In the course of these investigations much new material has come to light and many pre-conceived ideas have had to be revised. It is shown that, capable man of business though he was, Edward Lloyd had nothing to do with the development of Lloyd's Coffee House as the headquarters of London underwriting, which came about, some years after his death, as the result of a measure regarded at the time as the death blow to the private insurers. The story of the Bubble Act of 1720 and the creation of the two marine insurance Corporations has often been told. It is claimed that it is here shown, for the first time, in its true perspective in relation to the development of Lloyd's. As a background to the story, an attempt has been made to reconstruct, from contemporary material, the early history of the marine insurance market in this country.

Lloyd's as an organised society had no existence before 1771; but from 1720 onwards, the frequenters of Lloyd's Coffee House began to dominate the world of marine insurance, and Edward Lloyd himself will always be of interest to those whose business organisation bears his name. It has thus been necessary to discuss the importance of the seventeenth and eighteenth century coffee-houses as business resorts, and to make researches which have added considerably to our know-

ledge of Edward Lloyd and his affairs, have definitely established the site of Lloyd's Coffee House in Lombard Street (of which an actual ground plan has been discovered), and have enabled us to trace the succession of Masters of Lloyd's Coffee House right down to its final disappearance.

Among the new names thus added to the roll of Masters, is that of Thomas Jemson, who took part in a curious incident in the early history of journalism, and during whose tenancy the publication of *Lloyd's List* was added to the business of the House. An entry in an early Minute Book has enabled the actual year of publication to be definitely fixed, a little later than had been previously conjectured, and the Post Office records have thrown new light on the means by which intelligence was collected.

It has long been known that, prior to the establishment of Lloyd's in the Royal Exchange, the leading underwriters had seceded from Lombard Street to a New Lloyd's Coffee House in Pope's Head Alley. The full story of that secession has now been extracted from the columns of a contemporary newspaper, and it is shown that "Old Lloyd's Coffee House" maintained its competition with "New Lloyd's" for some years after the removal to the Royal Exchange, and that two separate "*Lloyd's Lists*" were issued concurrently by the rival houses.

The first work of New Lloyd's was the revision of the marine insurance policy. The reasons for this revision have been discovered in an old text book on insurance; an attempt has been made to gather together the scattered material as to the earlier development of the marine insurance policy in Great Britain, and the solution of the great "S.G." mystery has been discovered.

Almost from the first, the history of Lloyd's has been linked, through the insurance of war risks, with the naval history of Great Britain. It has been necessary to

PREFACE re-examine the growth of law and practice relating to insurance of enemy ships, and to discuss the effect of the War of American Independence on British commerce and underwriting. A table of losses during that war has been extracted from the Minute Books. It was, however, the conflict with Revolutionary France that influenced most profoundly the development of Lloyd's. Lloyd's, in return, exercised an influence on the conduct of the war itself. The minutes and correspondence of the Committee throw much valuable light on the methods of trade defence and convoy organisation, and show how remarkably they anticipated the developments of a later and still more terrible conflict. An attempt has been made to form a more accurate estimate than has hitherto been available of the ratio of loss during the Revolutionary War.

As regards the later history of Lloyd's, the minutes and reports have thrown fresh light on the early organisation of the establishment; the dramatic controversies leading to the adoption of a formal, written, constitution in 1811; the steps by which the old coffee-house system was gradually eliminated; the growth of the shipping intelligence and Agency organisation; the years of exile in South Sea House; the rise of the professional underwriter and underwriting agent, and the gradual emergence of the Underwriting Members as the controlling interest at Lloyd's; the origins of the Salvage Association and of Lloyd's Salvage Agreement; and the motives leading to the application for incorporation in 1870.

Still more recent developments, to which special attention has been devoted, are the institution of the audit, the premium trust fund, and the system of deposits and guarantees, the growth of non-marine business at Lloyd's, and the reactions of the Great War on London underwriting.

This is a history of Lloyd's as an institution, and it

was impossible, without departing from the plan of the work, to make use of much valuable material contained in the records at Lloyd's, with regard to the commerce, navigation, and social conditions of the past. Nevertheless, Lloyd's, in its corporate capacity, has touched the life of the nation at so many points—in facilitating the growth of commerce, in ensuring the safety of life and property afloat, in the encouragement of patriotic effort at moments of great national peril, in assisting the organisation of trade defence—that it is hoped this record may be of interest to readers who have no direct concern with the business of underwriting.

The authors are deeply indebted to many who have assisted them with advice and materials. They are under special obligations to Messrs. Coutts for permitting a search among the title deeds of 16, Lombard Street, and reproduction of the ground plan of Lloyd's Coffee House, and to Col. Frank D. Watney, C.B.E., for supplying material from the records of the Gresham Committee, relating to the establishment of Lloyd's at the Royal Exchange. The Hon. Mr. Justice Mackinnon has allowed free use to be made of his notes on the early history of marine insurance. Col. A. N. St. Quintin, O.B.E., of whose earlier researches full use has been made, has generously communicated further discoveries, notably the approximate date of Edward Lloyd's birth, and has supplied much material relating to the Patriotic Fund and other early war funds at Lloyd's. Mr. G. E. Manwaring has given much assistance in tracing sources, and Dr. Kenneth Rogers was of great help in identifying the site of Lloyd's Coffee House and its connection with Pontack's. Special mention must be made of the unwearied kindness of the staff at the Guildhall Library, whose manuscripts have yielded a rich harvest. Mr. Gilbert Felce gave invaluable help in the chapter re-

PREFACE regarding the Great War. Mr. Wilfred Lindley has kindly checked the calculations in Appendix "A," and the statistical argument as to losses in the Revolutionary War. The Authors are deeply grateful to Mr. Mackinnon, the Chairman of Lloyd's, for his unfailing and most encouraging kindness, and they have received constant assistance from the Corporation's staff. They desire especially to acknowledge the services of Mr. Devereux, Mr. Burghes, Mr. Boxford, and Mr. Mackie. Other obligations are acknowledged in the footnotes and List of Illustrations. For the illustrations themselves Mr. Emery Walker is responsible, and both in selecting the originals, and in the general preparation of the book, the Authors have had the great advantage of drawing on his ripe knowledge and experience. Finally a tribute is due to the whole-hearted co-operation of Messrs. Blades, East & Blades. In order that the book might appear at the date desired, it has been necessary to ask them for very special exertions and facilities, and every call has been ungrudgingly met.

C. W.
C. E. F.

December, 1927.

CONTENTS

CHAPTER I

EDWARD LLOYD AND THE RISE OF LLOYD'S COFFEE HOUSE, 1689-1713.

Edward Lloyd not the founder of "Lloyd's"—Its origins nevertheless traceable to his times—Commercial conditions in seventeenth century London—Lack of business facilities and importance of personal intercourse—Rise of the coffee-houses as business centres—Lloyd's Coffee House in Tower Street—Edward Lloyd and his family—His removal to Lombard Street—Site and character of Lloyd's Coffee House in Lombard Street—Sales by inch of candle—The brief career of *Lloyd's News*—Lloyd's Coffee House as a news centre—The Pulpit at Lloyd's—Private life of Edward Lloyd; his children, second marriage, and parochial activities—His candidature for the Common Council—Third marriage, will, and death—His son-in-law and successor . . . 1-33

CHAPTER II

THE EARLY UNDERWRITERS AND THE MARINE INSURANCE CORPORATIONS, 1574-1720.

Lloyd's Coffee House not specially connected with underwriting in the time of Edward Lloyd—State of the marine insurance market in the sixteenth and seventeenth centuries—Attempts at regulation; the Office of Assurances in the Royal Exchange, and the Court of Assurances—Rise of the Insurance Brokers—Proposal of 1660 for a marine insurance corporation—The catastrophe of the Smyrna Fleet, and the Merchants-Insurers Bill of 1693—Revival of the idea of a marine insurance corporation in 1717—Opposition of the private insurers—Onslow's and Chetwynd's schemes—Evidence as to state of underwriting—Lack of a recognised centre; no mention of Lloyd's Coffee House—Select Committee on Projects in 1720—The Bubble Act and Marine Insurance—Incorporation of the Royal Exchange Assurance and London Assurance 34-63

CHAPTER III

LLOYD'S COFFEE HOUSE IN LOMBARD STREET 1713-1768.

THE FOUNDATION OF LLOYD'S LIST AND LLOYD'S REGISTER.

Unexpected consequences of the Act of 1720—Prohibition of underwriting in partnership strengthens the position of private underwriters—Centralisation of underwriting at Lloyd's Coffee House—Changes in proprietorship of Lloyd's Coffee House—William Newton, Samuel Shepherd, Thomas Jemson, and Richard Baker as Masters—Publication of *Lloyd's List*—Arrangements with Post Office for shipping in-

CONTENTS	telligence—Correspondents of Lloyd's Coffee House—Contents of <i>Lloyd's List</i> —Increase of underwriting—The war of 1739-48—Richard Baker's great "scoop"—Insurance of Enemy Property—Death of Richard Baker—Samuel Saunders as Master of Lloyd's— <i>A Summer Voyage to the Gulph of Venice</i> — <i>Lloyd's Evening Post</i> —The "Memorandum" added to Policies—The first Register of Shipping published by a Society of Underwriters at Lloyd's . . . 64-87
----------	--

CHAPTER IV

THE EXODUS TO NEW LLOYD'S, 1769.

Death of Saunders—The business left to his brother-in-law Thomas Lawrence—Charles Waller as Manager—Growth of gambling policies—Act prohibiting insurances "Interest or no Interest"—Wager policies on lives and events—The evidence of Mr. Thomas Mortimer—Attack on Lloyd's Coffee House in the *London Chronicle*—Dissatisfaction of the more reputable frequenters, who persuade Thomas Fielding to set up New Lloyd's Coffee House in Pope's Head Alley—Postal privileges secured—Dismay of Thomas Lawrence—His partnership with Richard Baker Junior—Rivalry of Old Lloyd's Coffee House and New Lloyd's—Concurrent publication of *Lloyd's List* and *New Lloyd's List*—Gradual decay of Old Lloyd's Coffee House . 88-108

CHAPTER V

THE FOUNDATION OF LLOYD'S

1771-1774.

Essential difference in character between "Old" and "New" Lloyd's Coffee House—Relation of Fielding to his Patrons—The subscription of 1771 for building a New Lloyd's Coffee House—Election of Committee—Martin Kuyck van Mierop, the First Chairman of Lloyd's—Fruitless house-hunting—First appearance of John Julius Angerstein—Premises secured at the Royal Exchange—The first regulations of Lloyd's—Position of the Masters—Removal of New Lloyd's Coffee House to the Royal Exchange—The "Subscribers' Room"—Terms of Membership—"The Book"—The passing of Old Lloyd's Coffee House—Death of Fielding and van Mierop—Alderman George Hayley as Chairman of Lloyd's 109-125

CHAPTER VI

THE DEVELOPMENT OF LLOYD'S POLICY

1523-1779.

The Lloyd's Policy of to-day—Its contradictions and peculiarities—Reasons for retention of the form—The great "S.G." mystery and its solution—Origins of the marine insurance policy—Florentine policy of 1523—The earliest English policies—The customs of Lombard Street—Policies of 1547-1563—Evolution of a common form—The

<i>Symboleographie</i> policy of 1598—Later policies— <i>The Tiger</i> (1614)— <i>The Three Brothers</i> (1657)—Appearance of the printed form— <i>The Golden Fleece</i> (1681)—Addition of the "Memorandum" in 1749—The influence of Lloyd's Coffee House—The Corporations develop different forms of the Memorandum—Attempted innovations in the printed form of policies—Unseaworthiness or deviation not to prejudice the insurance—The policy "revised and confirmed" at New Lloyd's in 1779—Other forms in use at the Outports—Lloyd's form made compulsory in 1795—Subsequent history of the policy	CONTENTS 126-152
--	---------------------

CHAPTER VII

LLOYD'S DEVELOPING, 1774-1793.

Lloyd's and the War of American Independence—The question of ransoming prizes—Naval disasters—Many failures at Lloyd's—Losses of British Shipping—Insurance of Enemy property—State of the Insurance market—John Weskett's attack on Lloyd's Coffee House—Attempted codification of insurance law in 1748—Conservatism of New Lloyd's—Informality of proceedings and infrequency of General Meetings and Committee Meetings—Functions and responsibilities of the Masters—Repeated efforts to exclude non-subscribers—Extension of Premises in 1786 and 1791—Angerstein's part therein—Committee procure Act of 1785 for compelling Assured to insert his name in the policy—Condition of Lloyd's in 1793 153-175

CHAPTER VIII

WAR RISKS AT LLOYD'S, 1793-1815.

The Revolutionary and Napoleonic Wars a severe test of the stability of Lloyd's—Raiders and Privateers—The Continental System—Forms of policy in use—Trading with the Enemy—Insurance of French ships and goods prohibited—The question of Insurance against British capture—Complexity of War Risk business—Losses of British shipping—Conflicting evidence—Figures from Lloyd's—A new estimate of percentage losses—Analysis of War Risk premiums—The underwriting crises of the war—The credit of Lloyd's never seriously shaken 176-193

CHAPTER IX

LLOYD'S AND THE WAR—TO THE PEACE OF AMIENS 1793-1802.

Growth of commerce and wealth during the war—Its effect on Lloyd's—Big insurances on single ships—Rise of the professional underwriter—Leading men at Lloyd's—Sir Francis Baring, "Dicky" Thornton, Zachary Macaulay, Angerstein, and Brook Watson—Correspondence with the Admiralty on Convoy questions—Naval Commanders communicate with Lloyd's as to trade protection—Subscrip-

CONTENTS	tions at Lloyd's for War Funds—Nelson's gratitude to Lloyd's—Growth of a corporate spirit in the Room—Reforms of 1796—Reforms of 1800—Qualification of Subscribers defined—Membership doubled in a single year	194-216
----------	--	---------

CHAPTER X

LLOYD'S AND THE WAR—THE SECOND PHASE
1803-1814.

State of Lloyd's in 1803—Enlarged membership and premises—Mixing of risks and specialisation—Fire insurance at Lloyd's—The first Secretary of Lloyd's—Growth of the system of shipping intelligence—Lloyd's and the Lifeboat—The Patriotic Fund at Lloyd's—Growth of Lloyd's in public repute and influence—Lloyd's and the Convoy System—Parallels with the Great War—Lloyd's and Coast Signals—Controversy with the Post Office—False intelligence of neutral sailings inserted in *Lloyd's List* by desire of Government—Wide range of the Committee's activities—Appointment of Agents in the Downs—Lloyd's "gives law to the trading part of the universe" .

217-239

CHAPTER XI

LLOYD'S ON ITS TRIAL, 1810-1811.

Relations of Lloyd's with the Corporations—A new marine insurance company projected—Agitation for repeal of the Act of 1720—War declared against Lloyd's—Joseph Marryat's defence of Lloyd's in the House of Commons—Parliamentary Inquiry into Marine Insurance, 1810—The points at issue—Adequacy of facilities—Stability of the underwriters—Proposal for underwriters to lodge security—Alleged litigiousness of the underwriters—Counter-attack on fraudulent insurances—Alleged difficulty of placing risks in Autumn months—The question of the brokers' remuneration—The Committee's Report and Marryat's criticisms—Bill to repeal the exclusive privileges of the Corporations—Its rejection—Comments on the controversy .

240-260

CHAPTER XII

CONFLICT AND REORGANISATION, 1811.

Bennett's correspondence with the Secretary to the Admiral in the Baltic—Baltic seizures in 1810—Underwriters' Committee on Baltic claims—The House Committee charged with suppressing material information—Committee of Inquiry appointed—Vote of censure on the House Committee, who resign—Reorganisation Committee appointed—Investigations of the Reorganisation Committee into the management of Lloyd's—A code of By-Laws passed—Proposal to pay the Committee defeated—Committee empowered to appoint Agents—Trust Deed to be signed by all Subscribers

261-274

CHAPTER XIII

CONTENTS

THE NEW SYSTEM AT WORK, 1811-1824.

The Trust Deed—Remuneration of the Committee—Managing Member for Correspondence—Accommodation for the Public curtailed—Appointment of the first Lloyd's Agents—Problems of the American War—Quarrel with the Admiralty, 1822—Piracy—Development of the Agency System—Instructions to Agents—Separation of sound from damaged goods—Co-operation of Liverpool Underwriters' Association—Lloyd's and the development of marine signalling—Agitation for reduction of the Policy Duty—The use of "slips" prohibited—Prolonged struggle between legal requirements and business necessities—Death of Joseph Marryat—His services to Lloyd's—Benjamin Shaw becomes Chairman 275-293

CHAPTER XIV

THE PASSING OF THE COFFEE HOUSE, 1823-1844.

Position of the Masters under the new constitution—Light responsibilities and big profits—A system of dual control—Death of Bennett senior and White—Investigation of 1823—Accounts of Lloyd's Coffee House—Reorganisation of 1823—All Subscriptions carried to General Fund—Offices of Master and Secretary separated—The Masters become subordinate to the Secretary—Compensation to John Bennett junior for loss of Mastership—Anomalous position and unsatisfactory conduct of new Masters—Partnership between the Masters dissolved, 1829—Abolition of post of Master in the Subscribers' Rooms, 1837—Final abolition of the Mastership 1844 . . . 294-302

CHAPTER XV

DIEHARDS AT LLOYD'S—THE OPPOSITION TO
REGISTRY REFORM AND REPEAL, 1824.

Connection between Lloyd's and the Underwriters' Register—Establishment of the Shipowners' Register in 1798—Disastrous rivalry between the two Registers—John Marshall's agitation for fusion of the Registers—Committee of Investigation appointed—Lloyd's invited to co-operate—Committee of Lloyd's opposed to co-operation—Mr. Marshall persuades the Subscribers to over-rule the Committee—Agitation for repeal of the Corporations' monopoly—The Alliance Company and its founders—Lloyd's prepare to oppose repeal—The fight in the House of Commons—Thomas Fowell Buxton's attack on Lloyd's—The Bill passes the Commons—Struggle in the Lords—Gloomy forecasts at Lloyd's—The Bill passes—*Natusch v. Alliance Insurance*—Foundation of the Indemnity Company and others—Hostility of Lloyd's to the Companies—By-Law against underwriting in partnership 303-318

CONTENTS

CHAPTER XVI

DEPRESSION AND REVIVAL, 1824-1837.

Depression at Lloyd's following the Act of Repeal—Slump in marine insurance—Heavy burden of the policy duties—Resignation of Benjamin Shaw—Alderman Thompson as Chairman—Protest against closing on Christmas Day and Good Friday—Committee accused of financial mismanagement—"Distressed Proprietors . . . begging on the stairs of the House"—Lloyd's Benevolent Fund—Proposal to abolish remuneration of Committee—Violent scenes at a General Meeting—A compromise arrived at—Personal attack on the Chairman, who resigns—Death of John Bennett—G. R. Robinson elected Chairman—The turn of the tide—Reduction in policy duties—Foundation of Lloyd's Register—*Lloyd's List* and its rivals—Suppression of the Post Office List—*Lloyd's List* becomes a daily paper—Its subsequent history—Lloyd's Medals 319-333

CHAPTER XVII

LLOYD'S IN EXILE, 1838-1844.

Destruction of the Royal Exchange by fire—Subscribers take refuge at the Jerusalem Coffee House—Salvage of the Minute Books—Loss of the Trust Deed of 1811—New Trust Deed prepared—Temporary quarters obtained in South Sea House—Confidence and energy shown by Lloyd's in exile—The Index to *Lloyd's List*—Improvements in intelligence system—Loss of Lloyd's postal privileges—Peace made with the Companies—Opening of the new Royal Exchange—Lloyd's new premises—The Merchants' Room—"The Times" Memorial—Revision of the By-Laws—Decreased proportion of underwriters among the Subscribers—Distinction between Members and Annual Subscribers—The privilege of underwriting confined to Members. 334-347

CHAPTER XVIII

MODERN LLOYD'S TAKING SHAPE, 1845-1870.

A period of transition—Safe seas and expanding trade—Development of communications—Growth of the intelligence system at Lloyd's—Death of G. R. Robinson and Chairmanship of Thomas Baring—Institution of the Missing Vessels Book and Captains' Register—The Special Agency experiment—The Committee and the staff: the great Moustache incident—The early closing controversy—A financial crisis and its results—Subscription of underwriters increased—The problem of accommodation—Abortive search for new premises—Abolition of the Merchants' Room—Reorganisation of 1859—Underwriting Members distinguished from Non-Underwriting Members—Growing predominance of the underwriting interest—Lloyd's and the revival of shipping 348-362

THE COMMITTEE AND THE UNDERWRITERS

1845-1870.

The seamy side of progress—Banking failures and speculation in marine insurance—Competition of new companies—Many failures at Lloyd's—Growth of solidarity at Lloyd's—The system of Guarantees—Beginnings of the Deposit system—Development of insurance practice—The Running Down Clause—"Protection and Indemnity"—The Waiver Clause—General Average Problems—Slips and Policies—Prompt Payment of Claims—Limited powers of the Committee—Speculative Insurances—Goschen as Chairman—Inadequate By-Laws—The fetters of the Trust Deed 363-377

CHAPTER XX

INCORPORATION, 1871.

The case of the Venezuelan—Action of *Forwood v. Goschen*—Application for Incorporation—Act of Incorporation gives legal sanction to By-Laws—"The Fundamental Rules of Lloyd's"—Rights of the individual safeguarded—Effects of the Act—Development of the Agency System and Lloyd's Signal Stations—The *Lutine*—Lloyd's accused of "respectable senility"—A false prophet 378-391

CHAPTER XXI

THE SALVAGE ASSOCIATION—LLOYD'S FORM OF SALVAGE AGREEMENT

1856-1927.

Lloyd's and the Salvage Association—Origin of the Association—Its objects and methods—Influence of Sir Joseph Lowrey—Lloyd's Form of Salvage Agreement, its origin and utility—Co-operation of the Salvage Association with Lloyd's, and with Shipowners 392-399

CHAPTER XXII

LLOYD'S IN THE GREAT WAR, 1914-1918.

Position of underwriters at the outbreak of War—War Risks accepted at peace premiums—Collapse of credit—An Insurance Broker's diary—The State Insurance Scheme—Open market rates for war risks—The State Scheme leaves large business to Lloyd's—Effect of enemy raiders and submarines on rates, and volume of business—Perplexities of the brokers—Increase in insurable values—War Risk premiums in 1917—Aircraft and Dock Risks—War and Marine Perils—The Missing Ships Agreement—Co-operation with Government to prevent insurance of enemy trade—Large volume of risks placed by neutrals—War Risks and Lloyd's Policy—The Frustration Clause—Boom in shipping values after the War—Colossal frauds in connection with

CONTENTS	Greek and Spanish ships—War Services of Lloyd's—The Roll of Honour—Contributions to War Funds—Rewards and Honours to Mercantile Marine	400-419
----------	--	---------

CHAPTER XXIII

LLOYD'S TO-DAY

1871-1927.

"What is Lloyd's?"—The Corporation and the Underwriters—Members and Annual Subscribers—Underwriting Agents—The career of a "Name"—Premium Trust Fund—The "Audit"—How the Assured is protected—Amount of Deposits and Guarantees—Individual trading and individual responsibility maintained—Growth of corporate spirit in the "Room"—Mr. F. W. Marten and large scale underwriting—Lloyd's and the Companies—Mr. Cuthbert Heath and the growth of Non-Marine business at Lloyd's—Amendment of Lloyd's Act to permit application of deposit system to Non-Marine business—Speculative Insurances—The Gambling Policies Act, 1909—The "Slip" and the Policy—Lloyd's Signing Office—Work of Lloyd's Average Department—Lloyd's Underwriters' Association, and Lloyd's Fire and Non-Marine Underwriters' Association—Lloyd's Brokers' Association

420-440

CHAPTER XXIV

LLOYD'S AS UNIVERSAL PROVIDER

1927.

Growth of Non-Marine Guarantees—Reasons for extension of miscellaneous insurance business at Lloyd's—Elasticity of the market at Lloyd's—Importance of the insurance factor in modern business—Great variety of contingencies covered—The Householder's security—Air risks at Lloyd's

441-444

CHAPTER XXV

THE FUTURE OF LLOYD'S.

Site of the East India House acquired for Lloyd's New Building—Foundation Stone laid by H.M. the King—The Chairman's Address—His Majesty's Reply—The Spirit of Lloyd's

445-450

APPENDIX "A": SHIPPING LOSSES IN THE REVOLUTIONARY WAR

451-455

APPENDIX "B": THE TRUST DEED OF 1811

456-458

APPENDIX "C": SUMMARY OF LLOYD'S ACTS,

1871-1925

459-461

INDEX

462-475

LIST OF ILLUSTRATIONS

(BY EMERY WALKER LIMITED).

JOHN JULIUS ANGERSTEIN, 1735-1823, CHAIRMAN OF LLOYD'S:	<i>Frontispiece</i>
From the portrait by Sir Thomas Lawrence in the National Gallery.	
	FACING PAGE
H.M. THE KING LAYING THE FOUNDATION STONE OF LLOYD'S NEW BUILDING, 23 MAY, 1925:	1
Reproduced by courtesy of <i>The Times</i> .	
GROUND PLAN OF LLOYD'S COFFEE HOUSE (No. 16, LOMBARD STREET), IN 1773:	16
Reproduced by courtesy of Messrs. Coutts, from a plan annexed to a deed of 1773. For explanation <i>see</i> pp. 16-17.	
"LLOYD'S NEWS," No. 20, 15 OCTOBER, 1696:	22
Reproduced, actual size, from the original in the British Museum. This issue contains an unusually large proportion of shipping news, but has been selected as containing the paragraph quoted on p. 22.	
GENERAL POST OFFICE, <i>circa</i> 1793, SHOWING BUILDINGS ADJOINING LLOYD'S COFFEE HOUSE:	30
From a print in the Crace Collection, British Museum. The houses are part of the block erected by Thomas Bowes after the Great Fire (<i>see</i> p. 16), two of which were demolished in 1793, for the erection of Messrs. Glyn & Co.'s new premises. Lloyd's Coffee House was in the same block, a little to the east of the houses shown in the print.	
SIGNATURE OF EDWARD LLOYD, 1692:	30
From Vestry Minute Book of St. Mary Woolnoth in the Guildhall Library. Shows also the signature of Thomas Guy, founder of Guy's Hospital.	
SIGNATURE OF EDWARD LLOYD, 1712:	30
From Minute Book of the joint Vestries of St. Mary Woolnoth and St. Mary Woolchurch Haw, in the Guildhall Library.	
THE FIRST ROYAL EXCHANGE IN 1569:	40
From a print by Hogenburg in the Crace Collection, British Museum. It was here that the Office of Assurances was established in 1571.	
THE SOUTH SEA HOUSE IN 1754:	58
From a print by Bowles, after Sutton Nicholls, made for Strype's, <i>Stowe's Survey of London</i> . The Great Hall at South Sea House, in	

Bishopsgate Street, was occupied by Lloyd's from 1838 to 1844, pending the rebuilding of the Royal Exchange after the fire of 1838.

THE EARLIEST EXTANT ISSUE OF "LLOYD'S LIST": . 72
No. 560, Friday, 2 January, 1740/1. Facsimile of the original at Lloyd's.

PAGE OF REGISTER BOOK, 1764-5-6: 84
Reproduced, actual size, by courtesy of Lloyd's Register of Shipping.
For explanation of contents, *see* p. 86.

POLICY ON LIFE OF NAPOLEON, 1813: 96
Issued 21 May, 1813, to pay a loss "in case Napoleon Bonaparte shall cease to exist or be taken Prisoner, on or before the 21st day of June, 1813." Premium, three guineas per cent. In the possession of Lloyd's.

THE SECOND ROYAL EXCHANGE, SOUTH FRONT, in 1788: 114
From a print by Bartolozzi, after J. Chapman, figures by Louthembourg, in the Crace Collection, British Museum. Shows entrance to John's Coffee House on the right. It was to this Exchange, completed in 1669, that Lloyd's moved in 1774.

PAGE OF ARRIVAL AND LOSS BOOK AT LLOYD'S, 1774: . 122
The columns show: Name of Ship, Master, Port of Departure, Port of Arrival. The entries "1 French," "1 Holland," etc., refer to the arrival of mails. Size of original $20\frac{1}{4}" \times 14\frac{1}{4}"$.

POLICY ON SLAVES, 1794: 148
From the original at Lloyd's. The policy, on the *Guipuzcoa* and cargo is in the form "Revised and confirmed at New Lloyd's, on the 12th day of January, 1779" (*see* pp. 147-9). The slaves valued at £45 each. Note marginal clause, "Free from particular average by insurrection under 5 per Cent." (For insurance of slaves, *see* pp. 218-9).

THE COFFEE ROOM AT LLOYD'S, 1798: 158
From a coloured caricature, artist unknown, in the possession of T. Devereux, Esq., of Lloyd's.

THOMAS TAYLER, MASTER OF LLOYD'S COFFEE HOUSE, 1774-1796: 170
From a print by Thomas Fielding, after Hugh Barron. The engraver was a son of Tayler's partner, Thomas Fielding, the first Master of New Lloyd's, as is shown by the elder Fielding's will.

EXTRAORDINARY NEWS: CARICATURE BY ANSELL, SHOWING DOORWAY OF LLOYD'S IN 1808: 176
From a coloured caricature by Ansell, in the Crace Collection, British

Museum. It illustrates the joy of the Londoners at the evacuation of Portugal by the French, and their disgust when the terms of the Convention of Cintra became known. The stout citizen has mistaken the "sixty rounds per gun" to be carried by the French for "sixty Pounds a man."

URN PRESENTED TO THOMAS BACKHOUSE BY COMMITTEE ON AMERICAN CAPTURES, 1806: . . . 182

Inscribed: "Presented by the Committee on American Captures at Lloyd's Coffee House to Thomas Backhouse, their Chairman, as a token of their esteem and respect for his able, zealous and indefatigable attention to the object of their concerns for the last ten years.—London, 10th May, 1806." Acquired by Lloyd's in July, 1925. For the circumstances of the presentation, *see* pp. 181-2.

RISK BOOK OF MR. JOHN JANSON, 1804: . . . 190

Reproduced by courtesy of the late Percy Janson, Esq., of Lloyd's. The columns show: Date; Amount underwritten; Subject of Insurance (Ship or Goods); Premium; Name of Ship; Master; Port of Departure; Port of Destination; Broker's Name. The symbol A=Arrived safely; C=A Claim under the Policy.

SIR BROOK WATSON, BART., CHAIRMAN OF LLOYD'S, 1796-1806: . . . 202

From a caricature, dated August, 1803, by R. Dighton, jun., at the British Museum.

THE NELSON PLATE AT LLOYD'S: . . . 208

This plate formed part of presentations made to Nelson by the Committees at Lloyd's to assist sufferers by the Battles of the Nile, 1798, and Copenhagen, 1801. It was acquired, in November, 1910, by the Committee of Lloyd's, who were assisted in the purchase by Cuthbert Eden Heath, Esq., and other Members of Lloyd's. The two side dishes are inscribed: "Lloyd's, 1800. Presented by the Committee, for managing a Subscription made for the Wounded and Relatives of the Killed at the Battle of the Nile, To Vice Admiral Lord Nelson and Duke of Bronte, K.B., &c. &c. &c., who was there wounded, As a testimony of the sense they entertain of his Brilliant Services on the first of August, 1798, when a British Fleet under his Command obtained a most decisive Victory over a Superior French Force. J. J. Angerstein, Chairman." The four plates and centre dish are inscribed: "Presented by the Committee appointed to manage the Subscription raised for the benefit of the Wounded and the Relatives of those who were Killed in the glorious Victory obtained off Copenhagen on the 2 of April, 1801, to Vice Admiral Lord Nelson, K.B., Duke of Bronte, &c. &c. &c., in testimony of the high sense entertained of his meri-

torious and unprecedented exertions in defence of his Country, which at the peril and danger of his life, he so nobly sustained previous to the Engagement, and as a token of his brilliant and gallant Conduct during the whole of that ever memorable Action. John Julius Angerstein, Chairman. Lloyd's Coffee House."

THE "FAME" TEA SERVICE AT LLOYD'S: 212

Inscribed: "A present from the Underwriters at Lloyd's Coffee House to Captain Robert Hall for his Gallant Defence in the ship *Fame* of Liverpool." Acquired by Lloyd's in 1927. *See p. 212.*

THE TRAFALGAR VASE AT LLOYD'S: 228

Inscribed: "From the Patriotic Fund at Lloyd's to Edward Rotherham, Esq., Captain of H.M.S. "*Royal Sovereign*," for his Meritorious Services in contributing to the Signal Victory obtained over the combined Fleets of France and Spain, off Cape Trafalgar, on the 21st October, 1805." This Vase, designed by John Flaxman, R.A., was presented to Lloyd's in July, 1918, by Cuthbert Eden Heath, Esq. Similar Vases were presented by the Patriotic Fund to each of Nelson's Captains at Trafalgar.

PART OF LETTER DATED 31 DECEMBER, 1806, FROM LLOYD'S TO THE ADMIRALTY, WITH SECRETARY'S MINUTE IN MARGIN: 234

Reduced from original at the Public Record Office. The letter relates to sailing dates for convoys from the West Indies, and is minuted: "Directions to the Admirals on the Leeward Islands and Jamaica Stations conformably to what the Committee recommend. Let Mr. Bennett know it."

SECOND ROYAL EXCHANGE, NORTH FRONT, IN 1798, SHOWING EXTERIOR OF LLOYD'S ROOMS: 242

From a print by Malton in the Crace Collection, British Museum. The Rooms taken in 1774 were on the first floor, in the north-west angle of the Exchange. By successive additions, Lloyd's Rooms came to extend all along the North Front.

LLOYD'S SUBSCRIPTION ROOMS AS SEEN BY ROWLANDSON IN 1800 (in colour): 252

From a print by J. C. Stadler after Pugin and Rowlandson, published by Rudolph Ackermann, January, 1800, and subsequently included in his *Microcosm of London*.

APPOINTMENT OF AGENT AT ANTIGUA, 1811: 270

From the original at Lloyd's. Bears the signatures of Joseph Marryat as Chairman, and John Bennett as Secretary. Bennett's son, the third

John Bennett, became joint-Agent with Joshua Kentish, the Agent here appointed, and subsequently succeeded him (*see* p. 327).

ADVERTISEMENT OF SALE BY CANDLE AT LLOYD'S, 1796: 296
Reduced from the original at Lloyd's. For an account of "Sale by the Candle," *see* pp. 19-20. Ship sales at Lloyd's continued until comparatively modern times, the *Great Eastern* being sold there in 1885. Until 1823 the charges for notices and sales went to the Masters. *See* Accounts, p. 296.

PAGE OF REGISTER BOOK, 1775-6: 304
Reproduced, actual size, by courtesy of Lloyd's Register of Shipping. It was in this book that the symbol "A1" was first used (*see* p. 86).

JOHN BENNETT, SECRETARY OF LLOYD'S, 1804-1834: . 326
From an oil painting at Lloyd's, by Moses Haughton the younger. Bennett left this portrait to his son John, then Lloyd's Agent at Antigua. On the death of this son, it passed to his sister, Mrs. Julia Clarke, from whose daughter, Miss Elizabeth Clarke, of Barbadoes, it was acquired by the Corporation in 1924. The binding of the Minute Book in this picture is identical with that still in use.

THE SECOND ROYAL EXCHANGE AFTER THE FIRE OF 1838: 334
From a water-colour drawing by E. Hassell, in the Crace Collection, British Museum. The tower shown in this picture was substituted, in 1821, for that shown in the print of 1788.

PART PAGE OF ORIGINAL INDEX TO "LLOYD'S LIST": 338
Reduced from the original Index prepared by Mr. James Bischoff (*see* p. 339). The entries show the names of ship and Master, and dates of the issues containing references to the ship. Thus the *Duck*, Captain Shipton, could be turned up in *Lloyd's List* for 3 July, 11 September, etc.

THE TIMES MEMORIAL AT LLOYD'S: 344
Designed by Sir William Tite, architect of the present Royal Exchange. *See* pp. 343-5.

OPENING OF THE THIRD ROYAL EXCHANGE: BANQUET IN LLOYD'S SUBSCRIPTION ROOM: 348
Showing the scene at the entrance of Queen Victoria. From *The Illustrated London News*, 2 November, 1844. *See* pp. 341-2.

"TITANIC" ENTRY IN INDEX TO "LLOYD'S LIST" OF 1912 (in colour): 370
Reduced from the original at Lloyd's. The references are to the date

and column of Lloyd's List. For instance, the red entry, "Sou ^{10/34}/_{10/4}," means that the sailing of the ship is reported, under Southampton news, in *Lloyd's List* of April 10th, cols. 4 and 34. The index is now (1928) kept on the card index principle, instead of in the volumes described on page 339.

LLOYD'S COMMITTEE ROOM, 1927, AS SEEN BY A PUNCH ARTIST (in colour): 388
From a coloured drawing by George Belcher, showing the *Lutine* chair (*see* p. 388).

THE KING AND THE MASON, MAY 23RD, 1925: 400
The Foreman Mason presented to H.M. the King at the laying of the Foundation Stone of Lloyd's new building. Reproduced by courtesy of the Central News.

LLOYD'S WAR MEMORIAL: 418
This Memorial, designed by Sir Edwin L. Lutyens, R.A., was erected at the entrance to Lloyd's Rooms in the Royal Exchange, and unveiled by Field Marshal Earl Haig, K.T., G.C.B., on January 31st, 1920. It is being transferred to the new building in Leadenhall Street.

LLOYD'S ROOM, 1927, AS SEEN BY A PUNCH ARTIST (in colour): 428
From a coloured drawing by George Belcher, showing the "Boxes" for the underwriters, and brokers passing down the gangway to "show" risks.

THE "TITANIC" SLIP: 436
Reproduced by courtesy of Messrs. Willis, Faber, and Co., Ltd. A specimen of the "Slips" from which the policy is afterwards written up (*see* pp. 289, 437). Insurance on *Olympic* and *Titanic* for twelve months, on hull and machinery, valued at £1,000,000 for each ship. Free from all average under £150,000. In case of damage above that amount to pay only on the excess above £150,000. Premium 15s. per cent., no discount. The first seven signatures are those of Companies.

ENTRANCE TO LLOYD'S NEW BUILDING: 440
From a drawing by William Walcot, F.R.I.B.A., R.E. Lloyd's new building in Leadenhall Street has been built from the designs of Sir Edwin Cooper, F.R.I.B.A.

THE EAST INDIA HOUSE FROM THE EAST: 446
Reproduced by permission of the Secretary of State for India from a water-colour drawing by Thomas Malton the younger, belonging to the

India Office. It shows the facade as rebuilt according to the design of William Jupp, architect to the Company, and afterwards carried out by his successor, H. Holland. Lloyd's new building occupies the site of the East India House, which was demolished in 1862.

LLOYD'S NEW BUILDING: THE UNDERWRITING ROOM: 450
From a drawing by William Walcot, F.R.I.B.A.

LINE DRAWINGS IN THE TEXT

LABEL OF ARRIVAL AND LOSS BOOK, 1774: . . . 121
From the original at Lloyd's.

ILLUMINATION AT LLOYD'S, 1809: . . . 220
To celebrate the Jubilee of King George III. The illumination was in the window facing Bartholomew Lane. Reproduced from *The Times*, 26 October, 1809.

THE "LUTINE" BELL AT LLOYD'S: . . . 389
This Bell, recovered from the wreck of H.M.S. *Lutine*, is used for calling attention to important announcements at Lloyd's (*see* pp. 387-9).



*H.M. The King laying the Foundation Stone
of Bloyds New Building 23 May 1925*

CHAPTER I.

EDWARD LLOYD AND THE RISE OF LLOYD'S COFFEE HOUSE.

1689-1713.

IF Mr. Edward Lloyd, "Coffee-Man," who flourished toward the end of the seventeenth century and in the earlier years of the eighteenth, had revisited this planet on May 23rd, 1925, he would have been an astonished coffee-house keeper. He would have seen a vast stand accommodating three thousand persons to witness the laying by the King of the foundation-stone of an enormous building called Lloyd's. Assuming him to be gifted with the insight sometimes attributed to the immortal, he would know that many ships of all sizes and flags were connected with his name, and that lines of steamers navigating all the oceans also bore the magic name of Lloyd's. He would know of the Nord-deutscher Lloyd, Lloyd Americano, Lloyd Adriatico, Lloyd Brasiliero, Lloyd Chileno, Lloyd del Pacifico, Lloyd Mediterraneo, Lloyd Royal Belge, Lloyd Triesino, and, most wonderful of all, he would have found that a line of vessels navigating the air bore the name of the German Aero Lloyd.

If our friend were as conceited as some personages now living, he might perhaps have attributed these astonishing phenomena to some remarkable qualities of his own, whose existence he did not suspect when he carried on his house in Tower Street or Lombard Street. Here he would have been wrong, for his name has been immortalised by generations of traders and by the characteristics and the energies of those who, in the course of two centuries and a half, have built up British commerce and carried the flag to the remotest seas.

CHAPTER I At no time, so far as we are aware, did any group of
 1689-1713 men say to each other: "Go to; let us make the greatest centre of insurance in the world." Even association waited for well over a century, and incorporation for nearly two centuries. Certain men took their seats at a coffee-house table, and pledged themselves individually, for a consideration, to take upon themselves the perils of the seas, men-of-war, fire, enemies, pirates, thieves, etc., with all other perils which might come to the hurt or detriment of the subject-matter of insurance. The coffee-house was frequented by all and sundry, and the merchants of that day found reliable men at some of the tables who would give them good assurance. Amid all the changes of the centuries, with the growth of banks and limited liability companies, the two great principles of individual trading (each for himself and not one for another), and unlimited liability, have been maintained. It is a striking example of evolution as distinguished from creation. Conditions have been made, rules instituted not in preparation for new factors and developments, but to systematise a practice which had already been adopted to meet the requirements of commerce as they arose.

The founder of Lloyd's was not Edward Lloyd, but there is a certain euphony about the name which has been helpful. It had no old associations and conveyed no meaning. It was not commonplace like John's, nor half comic like Boodle's. Neither familiar nor recondite, it was a name well fitted to gather new associations about it. And so the business men who resorted to the house retained the name throughout the centuries, and continued it when the coffee-house stage had long passed, although Government officials continued to address their letters to "Lloyd's Coffee House" right into the present century.

It was not, as we shall see, until the year 1771 that the merchants, brokers, and underwriters resorting to

Lloyd's Coffee House entered into formal association for the protection of their common interests, and decided to acquire control of the establishment where they transacted business. The first printed "List of Subscribers to Lloyds," issued in 1800, refers specifically to "the Foundation in 1771," and the phrase was amply justified if those who used it were thinking only of Lloyd's as a society with fixed regulations and terms of membership. Yet the men of 1771 were not, in the truest sense, the "founders" of Lloyd's. For a long time before that date Lloyd's Coffee House had been a great business institution as well as a place of refreshment, and neither the history nor the present character of Lloyd's can be rightly understood without going back to its origins in the days of Edward Lloyd himself; for, like all creatures of organic growth, Lloyd's, at its point of highest development, retains many traces of the conditions in which it was born. To understand why, and how, Lloyd's became what it is to-day, we must know something about the state of the business world when Edward Lloyd opened his first modest establishment in Tower Street.

In order to realise what the rapid development of coffee-houses after the Restoration meant to the seventeenth century merchant, we must carry ourselves back in thought to a London that differed in almost everything but commercial importance from the London of to-day. We must strive to form a clear picture of conditions in which a great and varied trade had to be carried on without any of the facilities we now regard as essential.

The commercial supremacy of the capital, in the days of Edward Lloyd, was far greater, especially in foreign trade, than it is to-day. Liverpool was already a rising port; but the tonnage of London exceeded the tonnage of Liverpool in the proportion of fifty to one. Bristol, with a substantial share in the Plantation trade, was by

CHAPTER I
1689-1713

London in the
17th century.

CHAPTER I far the richest and busiest of the outports; but the
1689-1713 foreign trade even of Bristol was completely overshadowed by that of London, which yielded, in 1685, nearly two-thirds of the entire Customs revenue of the country.

Expanding
trade and
shipping.

Judged by modern standards, the volume of trade even at London was very small, but it had already acquired much of its present world-wide character ; it was carried on with every country of Europe, with the West Indies and North America, with India, and the Guinea Coast. It was, moreover, a vigorous and expanding trade, stimulated by the growing maritime predominance of England, and the rapid development of the North American and West Indian colonies. Capital was accumulating ; the goldsmiths of Lombard Street were laying the foundations of our banking system; the writings of Petty, Child, Dudley North, and other political economists bear witness to a widespread interest in the theory of commerce and finance.

English shipping had not yet seriously challenged the supremacy of the Dutch in the general carrying trade of the world ; but its tonnage is said to have doubled between 1660 and 1688, and a comparison of the recorded clearances supports this statement.¹ London, at any rate, could vie even with Amsterdam. "It may be said without Vanity," writes an exultant contemporary of Edward Lloyd, "that no River in the World can show a Braver sight of Ships than are commonly to be seen (like a Floating Forest) from Black-Wall to London-Bridge."²

With all these signs of activity and progress, the machinery by which commerce is carried on to-day was almost entirely wanting. It seems needless to say

¹ Sir Josiah Child, *A New Discourse of Trade*, 1698, Preface and p. 112 ; Davenant, *Discourses on the Public Revenues and of the Trade of England*, 1698, in his *Political and Commercial Works*, ed. 1771, I. 363 ; Chalmers, *An Estimate of the Comparative Strength of Great Britain*, New Ed., 1803.

² Tho. De-Laune, *The Present State of London*, 1681, p. 297.

that there were neither telegraphs nor telephones; but while every schoolboy knows the fact, it requires some acquaintance with the workings of modern commerce, to realise what that fact implies. The mails were few and uncertain. A penny post delivered letters and parcels six or eight times a day in the heart of the City, and four times a day in outskirts of the capital; a post-bag of great importance to merchants travelled daily between London and the Downs; but letters from and to the most populous provincial towns were despatched and delivered only three times in the week. Communication with Ireland and the Continent was maintained by packets—three boats being maintained for the Irish, and three for the Dutch ports; two for France, and two for Flanders. For direct news from more distant countries the merchant had to rely on stray letters brought by private ships. Even the packet boats were very irregular in their sailings, for they were always liable to be held up or delayed by contrary winds, and their commanders were apt to eke out their scanty emoluments by smuggling and privateering. Heavy postage rates further restricted the volume of correspondence. A letter of a single sheet to Paris cost 9d. to send; for an ounce the charge was 2s.¹

CHAPTER I
1689-1713

Lack of postal facilities.

Very few newspapers appeared, and those few contained very little news. After the passing of the Licensing Act in 1685, the *London Gazette*, "Publish'd by Authority," became the only genuine newspaper in the country, and the *Gazette* consisted of a single leaf, under strict censorship. Macaulay has remarked that, "The most important Parliamentary debates, the most important state trials, recorded in our history, were passed over in profound silence."² It is more to our present purpose that there was no sheet to which the merchant could turn for the course of the exchanges,

Character of the newspapers.

¹ De-Laune, *op. cit.* 345-359; Herbert Joyce, *History of the Post Office*, 1893.

² *History of England*, Ed. of 1877, I. 190.

CHAPTER I the arrivals and departures of shipping, or the price of 1689-1713 commodities.

Importance
of personal
intercourse.

In these conditions, personal intercourse was everything. The merchant who wanted to know what was the price of indigoes at the India House; what ships were sailing for Jamaica; what reports had been received of the activities of corsairs within the Straits; what firms had gone under in a commercial crisis; how matters were going between King and Parliament; had to obtain his news by the exchange of information with his fellows. From an hour's talk in mixed company he could learn more than from the *Gazettes* of a week.

It must be remembered that, while London contained within itself a far larger proportion of the wealth, intelligence, and commercial enterprise of the country than it does to-day, it occupied but a small fraction of its present area, and held less than one twelfth of its present population. The total number of London merchants, as shown by a directory of 1677,¹ did not exceed fifteen or sixteen hundred, and those merchants still had their dwelling as well as their place of business within the City boundaries. The mansions of merchant princes rose in Basinghall Street and Old Jewry; traders of wealth and standing lived over their counting-houses and warehouses.

The Royal
Exchange.

With the mercantile community thus limited in size, and confined to the same narrow area, the opportunities for both commercial and social intercourse were obviously very great; but to turn those opportunities to full account for the exchange of news and the transaction of business, a common meeting place was needed. Such a meeting place was provided by the Royal Exchange which was, far more than to-day, the very heart of the City. It was at least as important to know on what walk of the Exchange a merchant was to be found during 'Change hours, as it is to-day to know

¹ *A Collection of the Names of the Merchants Living in and about The City of London, 1677.*

his postal and telegraphic address, and his telephone number. CHAPTER I
1689-1713

There were, in addition, the Middle Exchange and Exeter Exchange, of very minor importance, and a number of markets for the sale of particular commodities. None of these, however, catered for the general commercial and shipping interests; there was no Stock Exchange and no Baltic in the seventeenth century. The accommodation of the Royal Exchange itself was inadequate, and the citizen was often forced to resort for business, as well as for pleasure, to the tavern, where he ran the risk of spending more than he could afford, drinking more than he could carry with a clear head, and suffering vexatious interruptions from sots and roisterers.

The coffee-house, then a new institution, was more strictly conducted, quieter, and soberer than the tavern, and its admirers were not slow to point out its superiority for "persons much concerned in the world" to "taverns or ale-houses, where continual sippings, though never so warily, would be apt to fly up into their brains, and render them drowsy and indisposed for business."¹ In addition, it was extremely cheap. Every customer who laid down his penny at the bar was entitled to a dish of coffee, a seat, and, in winter, a share of the fire.² Moreover, he could linger over his coffee as long as he liked, turning over the news-sheets, gossiping with friends, making new acquaintances, or transacting business; just as an hour's comfort and good music can be enjoyed in a continental café of to-day for the price of a bock.

Coffee-houses
as centres of
business and
information.

In addition to supplying their customers with the newspapers of the day, such as they were, the coffee-

¹ *Coffee Houses Vindicated*, 1675, *Harl. Misc.* vi, at p. 472.

² At some establishments he might have to pay 2d. ; but there is abundant evidence that a penny was the general charge. See e.g. Addison, *Spectator*, No. 31, Misson, *Memoirs and Observations in his Travels over England*, tr. Ozell, 1719, pp. 39-40 (The original was written in or about 1698).

CHAPTER I house keepers seem, almost from the first, to have made
 1689-1713 a practice of posting up or passing round letters on matters of general interest from the ports and other centres of information. It was, however, the news brought in by customers themselves that made the coffee-house, during the second half of the seventeenth century and the first half of the eighteenth, the chief centre of political, social, and commercial intelligence. One had been favoured by a great person with a few words on the prospects of a peace with Holland; another had squeezed his way into the gallery at Whitehall and had seen the King look coldly on a Minister hitherto high in the Royal favour; a third had received a letter from a friend in Paris with dark hints as to French policy. The merchant brought the news of the Exchange; an officer dropped in who had taken part in the last sea fight with the Dutch. Every house was in a buzz with rumours and conjectures, and the writers of the newspapers themselves, and of the written news-letters which supplied, however feebly, the place of a provincial press, made their way from coffee-house to coffee-house to pick up their material.

Rapid rise of
 coffee-houses.
 1652-1708.

It is not surprising that the growth of the new institution was rapid. It was in 1652 that Pasqua Rosee, a native of Ragusa, opened the first London coffee-house "at the signe of his own Head" in St. Michael's Alley, Cornhill.¹ Within a few years after the Restoration the coffee-house had become an established London institution, and in 1708 Hatton, referring to the prosecution of James Farr in 1657 for creating a nuisance by keeping a coffee-house, estimated that there were now "near 3000 such nuisances."² This may be a loose exaggeration and must, in any event, have included a large proportion of small and unimportant establishments, bearing the same relation to Will's or Garra-

¹ E. F. Robinson, *The Early History of Coffee Houses in England*, 1893, 85-7.

² E. Hatton, *A New View of London, or, an Ample Account of that City*, I, 30.

way's that a Wapping ale-house did to the Mitre. There is ample evidence, however, that the number of coffee-houses worthy of the name ran, at the least, into some hundreds. The names of about one hundred, all probably establishments of some importance, can be found in the newspapers of 1679-88; Ashton collected a list of five hundred from papers published during the short reign of Queen Anne.¹

CHAPTER I
1689-1713

Although the coffee-house, as such, was open to all comers, specialisation appears to have set in at a very early date. It was natural that men of like tastes and similar occupation should resort mainly to an establishment in convenient proximity to their usual haunts. Man's, the Royal Coffee House, Charing Cross, became, through its proximity to Whitehall, a place where beaux and courtiers adjusted the curls of their periwigs, and exchanged "bows and cringes of the newest mode."² At Will's, in Bow Street, Covent Garden, wits and poets crowded round Dryden's chair on the balcony in summer, or by the fire in winter. The Grecian, in Devereux Court, Fleet Street, was a favourite resort of scholars; Child's, in St. Paul's Churchyard, near the College of Physicians, drew much of its custom from doctors and clergymen. In the heart of the City, a group of flourishing establishments, Garraway's, Jonathan's, Bridge's and many others, grew up in the courts and alleys round the Royal Exchange, and divided the patronage of the leading merchants.

Specialisation of
the coffee-houses.

It is among the frequenters of these great City establishments that the first progenitors of Lloyd's must be sought. The actual business of underwriting was mostly carried on, on the floor of the Exchange; but it was at the coffee-houses that merchants and underwriters sought for news of the ships in which they were

¹ John Ashton, *Social Life in the Reign of Queen Anne*, 1882, Appendix B.

² Ned Ward, *The London Spy*, Edn. of 1704, 202.

CHAPTER I interested. No one, however, had yet thought of collating and making public the scattered items of shipping intelligence, and there were abundant opportunities for fraud. It was "by great accident" that Pepys learned, on November 23rd, 1663, of the safe arrival of a hemp ship in which he was interested, and his comment is illuminating as well as characteristic.

Pepys on
insurance.
1663.

"Nov. 23. 1663. Up and to Alderman Backewell's where Sir W. Rider, by appointment, met us to consult about the insuring of our hempe ship from Archangell . . . Back to the Coffee-house, and then to the 'Change, where Sir W. Rider and I did bid 15 per cent., and nobody will take it under 20 per cent., and the lowest was 15 per cent. premium, and 15 more to be abated in case of losse, which we did not think fit without order to give . . . called at the Coffee-house, and there by great accident hear that a letter is come that our ship is safe come to Newcastle. With this news I went like an asse, presently to Alderman Backewell and told him of it . . . Now what an opportunity had I to have concealed this and seemed to have made an insurance and got £100 with the least trouble and danger in the whole world. This troubles me to think I should be so oversoon."

This pleasant anecdote suggests that the Admiralty only thought of insuring when a ship was overdue. It also shows how insurances were effected. Pepys's self-chiding ought not, perhaps, to be taken too seriously; but his conscience as Clerk of the Acts was more elastic than it became when he was Secretary to the Admiralty, and little deals such as he suggests have not been entirely unknown in later days.

A "cheate."

A few days later he has to report a more open fraud, actually perpetrated by an unscrupulous shipmaster.

"To the Coffee-house, where I heard the best story of a cheate intended by a Master of a ship, who had borrowed twice his money upon the bottomary, and as much more insured upon his ship and goods as they were worth, and then would have cast her away upon the coast of France, and there left her, refusing any pilott which was offered him; and so the Governor of the place took her and sent her over hither to find an owner, and so the ship is come safe, and goods and all; they all worth £500, and he had one way or other taken £3,000 . . . Her cargo, vessels of tallow daubed over with butter, instead of all butter."

"The Coffee-house" was probably Garraway's, the

¹ *Diary*, 30 November and 1 December, 1663.

greatest and one of the first of the City houses; but the origin of the Corporation of Lloyd's must be sought, not only at Lloyd's Coffee House but in any coffee-house of even or earlier date resorted to by men who were willing to underwrite sea adventures, or were desirous to effect insurance of their ships and goods. It will be the business of this history to show how Lloyd's Coffee House gradually came to distinguish itself from its commercial rivals by a more complete and systematic collection of "ship news," and by the volume of marine insurance business actually transacted under its roof. In its first beginnings it is indistinguishable from a score of other establishments of the same class.

CHAPTER I
1689-1713

Among its other functions the coffee-house provided a convenient "accommodation address" for persons offering a reward to the finder of lost or stolen property or runaway servants. It served, in fact, the same purpose as a newspaper box number to-day, and it is to this that we owe the first notice of Lloyd's Coffee House which the most diligent search has been able to discover. In the *London Gazette* for 18-21 February, 1688/9,¹ there appeared an advertisement to which subsequent events have given so much historical importance as to warrant a verbatim reproduction :

Lloyd's Coffee
House in
Tower Street.
1689.

"Stolen the 10th Instant, from Edward Bransby in Darby, five Watches; one was a Pin Case, and a Silver Box, with a Silver Dyal Plate, hours cut upon Harts (*sic*), it was a five Wheel Chain, the Watch Maker's Name was Wilkins of Leicester; The second was a plain Silver Box, with a Glass, the Dyal had a Pot of Flowers, the Maker's Name was William Corder in Darby; the third had a Silver Box with a close Silver Case, a Pearst Dyal Plate with the day of the Month; the fourth had a Silver Box and Pin Case, many of the Pins being come out, so that the Brass was seen; The fifth Watch had a Silver Box and Pin Case, long hours of the Dyal Plate, and frosted, it was a 5 Wheel Chain Watch; Supposed to be taken by a middle sized Man, having

¹ It will be remembered that, down to 1750, the year began on March 26th, so that any document issued in February, 1689, bears the date February, 1688. As this has frequently led to much confusion, the double date will always be given in quoting from contemporary documents.

CHAPTER I
1689-1713

black curled Hair, Pockholes in his Face, wearing an old Brown Riding Coat, and a black Bever Hat. Whoever gives Notice of them at Mr. Edward Loyd's Coffee-House in Tower-street, or to Mr. Edward Bransby in Darby as above, shall have a Guinea Reward."¹

The pock-marked thief whose exploits have thus strangely become matter of history, appears to have been a man of some enterprise, for he carried away his plunder on a stolen horse, and the following number of the *Gazette* contains an advertisement relating to this second theft. Again, notice is to be given "to Mr. Edward Loyd's Coffee-house in Tower Street."

Lloyd and
his family.
1680-9.

These advertisements do not, unfortunately, enable us to fix with any precision the date when Lloyd's Coffee House was opened. It is clear that Edward Lloyd had lived in the neighbourhood of Tower Street for several years before 1689, for the Registers of the Parish Church, All Hallows Barking, show that Edward, son of Edward and "Abigale" Lloyd, was buried there on September 21st, 1680, and subsequent entries enable the father to be identified beyond all question, with the proprietor of Lloyd's Coffee House in 1689.

It seems probable that Lloyd was, comparatively at least, a new-comer to All Hallows in 1680; for the All Hallows registers contain no record of his marriage, or of the birth of his son Edward, or a daughter, Elinor, who was certainly born earlier than 1680. Whether he was in a position to set up a coffee-house of his own when he first came into the parish, it is impossible to say; but the merely negative evidence afforded by the absence of any reference to Lloyd's Coffee House before 1689 does not at all preclude the possibility of an earlier opening. The very scanty files of the newspapers, for the years 1679 to 1688 inclusive, yield, as has been said, a list of a hundred or more coffee-houses, of which a large proportion have been rescued from oblivion only by the accident of a single advertiser

¹ In some copies of the same issue, this advertisement appears in a shortened form, as printed by Martin in his *History of Lloyd's and of Marine Insurance*, p. 60.

using them as an accommodation address, and it is clear that there must have been a far greater number of which not even this poor trace remains. CHAPTER I
1689-1713

There are, however, two or three small indications which point to the probability that Mr. Lloyd's house had recently been opened, or, at any rate, was just coming into prominence in February, 1689. The first two advertisement references were followed, at comparatively short intervals, by others—a fact significant in itself; and in these later advertisements (with a single exception in 1697) the Christian name of the proprietor was omitted, as if this additional mark of identity was no longer required. It is further noteworthy that the Derby advertisements alone spell the surname with a single "L." The forms "Lloyd" and "Loyd" were used indifferently during the seventeenth century, and to the end of Edward Lloyd's life both forms occur indiscriminately in parish registers and other documents where he is named. Lloyd himself, on the contrary, invariably used the more familiar form in his signatures, and that form is always used in documents over which he had any control. The spelling in the advertisements of February, 1689, certainly suggests that his name was, at that time, unfamiliar to the printers of the *Gazette*, and that he lost no time in making his preference clear.

Of Edward Lloyd's own birth, parentage, and earlier history next to nothing is known, and but little can be guessed. The records of the Faculty Office of Canterbury show that he was "of the age of about 50 years" in 1698; so that he must have been born in or about 1648; but no reference to himself or his family, earlier than 1680, can be identified with any degree of probability. The name was already common in London in the second half of the seventeenth century. There was even a "Society of Lloyds" whose name has come down to us as a trap for the unwary. Far from being a

Birth of Lloyd.
ca. 1648.

CHAPTER I precursor of the Lloyd's of to-day, this was merely a
 1689-1713 social gathering of the Lloyd clan in London, as is shown by an advertisement of 1681, in which the Stewards of the Society desire "all their Namesakes that are willing to increase their Society, to meet them on Monday next, at the White Lyon in Bazing-hall-street, being their Feast-day, for the Election of new Stewards, in order to continue their Weekly Club, etc."¹ There is no one, however, among the numerous Lloyds mentioned in the State Papers and news-sheets of the time, to whom the famous Coffee-Man can be traced back with any show of probability, and some hopeful references to "Edward Lloyd" in the indices of the Manuscripts at the British Museum lead us on to the track respectively, of a petty squire, a nobleman's steward, and a Government spy.²

Edw. Lloyd a
 Framework
 Knitter.

The one plausible guess is that his father was a member of the Framework Knitters' Company. This Society, which was incorporated under the Protectorate in 1657, and received a new charter after the Restoration, was charged with the duty of making by-laws for the regulation of the stocking-knitting industry, and more particularly with preventing the export of frames, in order to keep the secret of the manufacture in English hands. It became a Livery Company in 1713, and still holds its place among the City Companies, although its "small but convenient hall" in Red Cross Street has disappeared. Edward Lloyd himself is described in his Will as "Citizen and Framework Knitter," and as his career makes it unlikely that he served his apprenticeship to the craft, he probably acquired his freedom by patrimony.³

¹ *Loyal Protestant and True Domestick Intelligence*, 15 December, 1681.

² The name of John Lloyd occurs in the Register of All Hallows Barking in the year 1664; but the name was too common for him to be claimed as the father of Edward Lloyd without further evidence.

³ *A List of the Master, Wardens, Court of Assistants and Livery of the Worshipful Company of Framework Knitters*, London, 1879; *History of London* by Wm. Maitland and Others, 1756. The Company's records do not, unfortunately, go back far enough to include any reference to Edward Lloyd.

By 1680 he was a married man with at least two children, and during that and the following year a daughter, Mary, and a son, Hugh, were born to him, and baptised at All Hallows Barking, on November 29th, 1680, and December 5th, 1681, respectively. These bare bones of biography are all we know, or can guess of Edward Lloyd up to the time of his first appearance as a Coffee-Man in Tower Street. Of his business there we know nothing beyond what a few advertisements can tell us. A green pocket book has been dropped, evidently by a merchant, and the finder is desired to leave news of it at Lloyd's Coffee House; a runaway is described as "Servant to a Commander of a Ship"; a negro has "Run from on Shipboard." There is not much in all this; any decent coffee-house in Tower Street could be presumed, without further evidence, to have merchants and shipmasters among its customers.

It is clear, at any rate, that the business prospered, for in 1691 Lloyd took a step which indicates an increased capital and rising ambition; he quitted his old premises and acquired the lease of a house in Lombard Street, a few doors from the General Post Office. Here he was in the very centre of the business world, and entered into competition with the group of flourishing coffee-houses, clustering round the Royal Exchange, where the leading London merchants were accustomed to gather for business, as well as for social purposes—Garraway's, the Barbadoes, and Jonathan's in Exchange Alley; the Marine Coffee House, lately Hains's, in Birchin Lane; Elford's, recently removed from Birchin Lane to George Yard, Lombard Street; Tom's and Bridge's in Pope's Head Alley; the Jamaica in Cornhill.

From old title deeds now in the possession of Messrs. Coutts, who have kindly allowed them to be thoroughly examined for the purpose of this history,

CHAPTER I
1689-1713

The move to
Lombard Street.
1691.

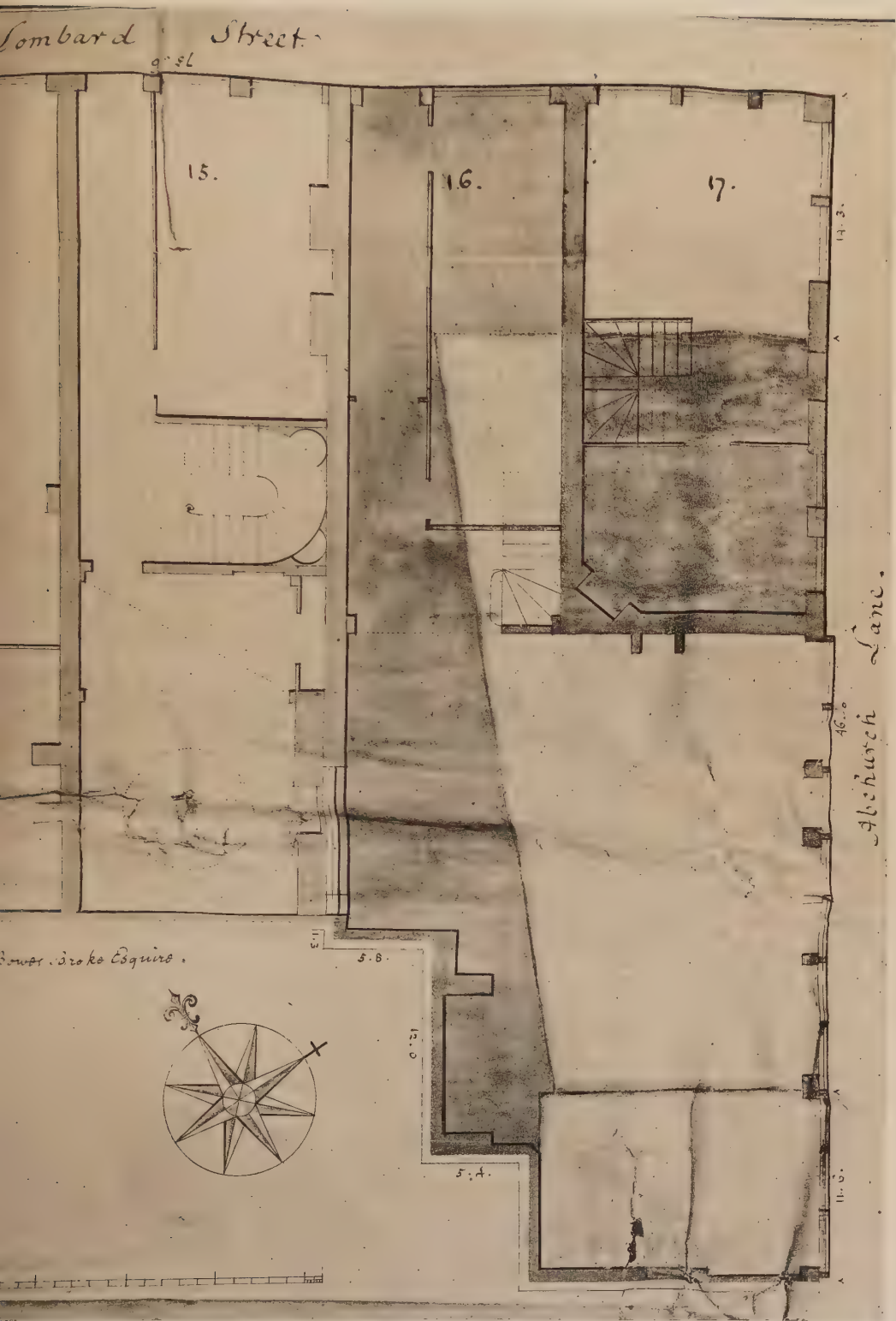
CHAPTER I Lloyd's new premises can be definitely identified with
1689-1713 the house known later as No. 16, Lombard Street, the site of which is now occupied by part of the City Branch of Coutts's Bank. Prior to Lloyd's tenancy they had been occupied for a short time by Pontack's—the Ritz of the seventeenth and early eighteenth centuries, where the "ordinary" or table d'hôte ranged from five shillings up to a guinea or two guineas a head.¹

Site of Lloyd's
Coffee-House in
Lombard Street.

Contrary to the tradition generally received, Lloyd's Coffee House was not actually at the corner of Lombard Street and Abchurch Lane. The corner house was No. 17, then occupied by a hosier of the name of Peck; but Lloyd's premises ran back much farther than Peck's, and extended, behind No. 17, to Abchurch Lane, where they had a frontage of about 43 feet. The two houses formed part of a block of eight (Nos. 10 to 17, Lombard Street) erected by one Thomas Bowes after the Great Fire, and a picture of the General Post Office in or about 1793 shows the general character of the buildings, though it does not actually show Lloyd's Coffee House itself, which was a little further east. Fortunately, a plan attached to a deed of 1773, and reproduced here by the courtesy of Messrs. Coutts, includes the whole of the property from No. 13 eastwards, and shows clearly the dimensions and ground-floor plan of "the messuage or tenement in Lombard Street aforesaid and Abchurch Lane London called Lloyd's Coffee House number'd (16)," at a time when it was still used for its original purpose.

The dark and light shading in this reproduction represent colours used in the original plan to show the various ground landlords. Bowes had built the bulk of his eight houses on his own freehold land; but in order to complete Nos. 16 and 17, he acquired from the Par-

¹ The deeds state explicitly that Lloyd's Coffee House was "formerly called the Puntack's Head situate in Lombard Street in the City of London and then in the possession of John Le Roch." John Le Roch appears in the Poor Assessment Rolls of St. Mary Woolnoth for 1687 and 1688. (Guildhall MS. No. 1010.)



GROUND PLAN OF LLOYD'S COFFEE HOUSE (No. 16 LOMBARD STREET) IN 1773

BY COURTESY OF MESSRS. COUTTS

son and Churchwardens of St. Mary-le-Bow, the lease of a piece of ground belonging to that parish, whose records have yielded useful information. The dark portion of No. 17 was on St. Mary-le-Bow land, and so was the whole of the light portion of No. 16, with the exception of the small irregular quadrilateral at the extreme rear. This, as we learn from the deeds, was on Vyner's land, and occupied by "part of the Kitchen" of the establishment. They show further that, over a hundred years later, the kitchen of Lloyd's Coffee House had been absorbed into "a large Room . . . used by Bankers as a clearing Room."

The frontage to Lombard Street was narrow, only 14 feet 6 inches, and was occupied by a lock-up shop which, in 1698 was in the occupation of one John Finch, a watchmaker.¹ By the side of the shop, a narrow passage led from the front door in Lombard Street to the staircase communicating with the upper floors, and to the larger portion of the ground floor itself—an irregular area of about 1,050 square feet, with a depth of 43 feet 3 inches along Abchurch Lane, and a maximum width of 29 feet, corresponding to the Lombard Street frontage of Nos. 16 and 17 together. Part of this area was occupied by the kitchen; part may have been devoted to cellars and store-rooms, and part seems to have been sub-let, at times, to various occupants. The Coffee Room itself was probably on the first floor, as at Waghorn's and other well-known establishments.²

The Coffee Room may be pictured as a big, bare room, with a sanded floor, not yet divided into boxes by high partitions, but dotted with rough tables, round each of which clusters a group of traders and shipmasters eagerly discussing the business, politics, and scandal of the day. These tables are not appro-

CHAPTER I
1689-1713

The Coffee
Room at
Lloyd's.

¹ Guildhall MS. 1010.

² This conjecture is supported by the fact that Finch and other sub-tenants are described in the Poor Assessment Rolls as "under Mr. Loyd" (*sic*), or "under Lloyd's Coffee House." See p. 29 *infra*.

CHAPTER I
1689-1713

priated to particular customers, for the early coffee-houses were very democratic, and every customer was on an equality with the rest; but those with similar business interests would naturally gravitate to the same table and form themselves into a sort of informal club. At one end is the bar, where letters are taken in and a waiter or barmaid dispenses coffee, tea, and perhaps less innocent liquids, although the early business coffee-houses were often opposed to the sale of intoxicants. The waiters who carry round these refreshments are also on the alert to see that customers are supplied with pens, ink, and paper—for the coffee-house was a great place for letter writing—and with the newspapers and news-letters of the day. The air is thick with smoke, and there is a ceaseless buzz of conversation, except when silence is requested while a waiter reads out some item of news of general interest; but the company is of a sober and respectable class, and a few simple rules, prohibiting quarrelling and gaming under homely penalties corresponding to the Oxford “sconce,” help to preserve a different atmosphere from that of the average tavern. From behind the bar Edward Lloyd, good man, looks on complacently, proud of the success of his new venture, planning improvements in the equipment and service; but little dreaming that his name will one day become a household word wherever shipping and commerce engage the thoughts of men.

A prosperous
business.

He has reason for his complacency, for already he is assessed in the poll tax list for 1692 on three men and two “mayds”—an establishment equal to Jonathan’s or Garraway’s—while neighbour Bright in Abchurch Lane is taxed only on one servant of each sex.¹ In this, his first year in Lombard Street, Mr. Lloyd has sprung into the front rank of “Coffee-Men.”

Lloyd appears to have acquired his new premises as

¹ Guildhall MS. 82.

from Christmas, 1691. He does not appear in the Poor Assessment Roll for the year 1691-2; but he was present at a meeting of the vestry of St. Mary Woolnoth on December 31st, 1691.¹

CHAPTER I
1689-1713

The earliest extant advertisement referring to "Lloyd's Coffee House in Lombard Street" did not, however, appear until the *Gazette* of 20-24 October, 1692. It is of unusual interest, as it constitutes the first evidence of that specialisation in shipping business which was ultimately to make Lloyd's Coffee House the centre of the marine insurance world, and the direct ancestor both of the Corporation of Lloyd's and of Lloyd's Register. For that reason, it is worth giving in full :

"On Tuesday the 8th of November next, at Bennet's Coffee-House in Plimouth, will be exposed to Sale by Inch of Candle, 3 Ships with all their Furniture; the Names whereof are the Teresa, the St. Thomas, and the Palme, two of 400 Tuns and the other 100. The Inventories thereof to be seen at Lloyd's Coffee-house in Lombard-street, London. The said Ships are enter'd out for Barbados or Virginia."

Sale "by the Candle" or "by Inch of Candle" was a form of auction very common during the latter part of the seventeenth century, and remained in vogue all through the eighteenth, especially for coffee-house sales of ships and wines. Its use in remote parts of the country can be traced as late as 1873.² At the opening of the sale an inch of candle was lighted, and bidding continued until it was extinguished, the last bid before the flame expired securing the property. It is easy to imagine the excitement in the crowded coffee-room, with its heavy, smoke-laden atmosphere, as the wick burnt low, and the rapid hail of bids as the flame flickered and sank. Pepys has recorded, with his usual vivacity, such a scene as, in later days, must often have taken place at Lloyd's:

Sale by inch
of candle.

"After dinner by water to the office and there we met and sold the Weymouth, Successe and Fellowship hulkes, where pleasant to see

¹ Guildhall MSS., 1010, 1001.

² Ashton, *op. cit.*, I, 225, quoting *The Saturday Bristol Times and Mirror* of 29 March, 1873.

CHAPTER I
1689-1713

how backward men are at first to bid; and yet when the candle is going out, how they bawl and dispute afterwards who bid the most first. And here I observed one man cunninger than the rest that was sure to bid the last man, and to carry it; and inquiring the reason, he told me that just as the flame goes out the smoke descends, which is a thing I never observed before, and by that he do know the instant when to bid last, which is very pretty."¹

It may be hoped that the authority of the proprietor, or of his better-class customers, was strong enough to prevent such bawling and disputes at Lloyd's Coffee House.

Ship sales at the
coffee-houses.
1676-1692.

The sale of ships at public auction had not become common by 1692, so far at least as can be judged from the newspaper advertisements. Such sales at Hains's (later the Marine Coffee House), Garraway's and Good's, are recorded as far back as 1676;² but very few can be traced prior to 1692. There is some evidence, however, that four or five of the coffee-houses clustered round Exchange Alley were particularly frequented by persons interested in shipping. Garraway's had, by this time, become rather a resort for general merchants and stock-jobbers; but Hains's, under its new name of the Marine Coffee-House, had a ship sale in 1684, and John's came into the business from 1690 onwards.³ In the files for 1681 there is an advertisement of a ship about to sail for Carolina, in which freight or a passage could be engaged at the Jamaica; and another by a person wishing to buy a ketch or pink, who desired offers to be left at the same house. Mr. Bridge announced, as an attraction to customers, that the Custom House Bills of Entry could be seen, any day they came forth, at his house in Pope's Head Alley, and Elford's—then in Birchin Lane—had a sale of salvaged goods in 1682. At Elford's, also, persons interested in salvage from the *Syria Merchant*, met in the same year.⁴

¹ *Diary*, 3 September, 1662.

² *City Mercury*, 20-27 Jan., 16-23 & 23-30 Mar., 1675/6; 6-13 April, 1676.

³ *Gazette*, Jan. 31-Feb. 4, 1683/4; May 29-June 2, 1690.

⁴ *Smith's Protestant Intelligence*, 10-14 March, 1680/1, 24-28 March, 1680/1; *The Impartial Protestant Mercury*, 22-25 November, 1681; *Gazette*, 14-17 August, 16-20 November, 1682.

Edward Lloyd had thus plenty of competition to contend with; but he had doubtless brought with him from Tower Street a useful connection among shipmasters and persons interested in trade and shipping, and although there is no record of any ship being actually sold at Lloyd's Coffee House before the year 1700, there is ample evidence, prior to that date, of a flourishing business, mainly commercial in its clientèle. There are advertisements of creditors' meetings held at Lloyd's Coffee House, of tickets to be obtained there for the "Huntingtonshire Gentlemen's Feast" and the Chester Feast, of lost Exchequer Tallies, of sales of gum senica, books, wines, and brandy.¹ It is significant that, in the announcement of the book auction, Lloyd's Coffee House is described as "near the General Post Office," suggesting that, while the establishment was well known in the City, a rather more precise description became necessary when an appeal was made to the non-commercial classes.

The sales thus advertised were probably only the most important which took place at Lloyd's Coffee House, for a poem of 1700, describing the habits of an opulent merchant, suggests that regular, periodical auctions were a feature of the business :

"Now to Lloyd's Coffee-house; he never fails
To read the letters and attend the sales."²

What was meant by "reading the letters" we have already seen in describing the function of the coffee-houses as centres of intelligence; but, a few years after his move to Lombard Street, Lloyd made a more ambitious attempt to cater for his patrons' thirst for knowledge, by setting up a newspaper of his own. The expiration of the Licensing Act in 1695 led to a great revival of journalistic enterprise, and among the new

CHAPTER I 1689-1713

Character
of business
at Lloyd's.
1692-1700.

Lloyd's Coffee
House as a
news centre.

¹ *Gazette*, 14-17 December, 1696; 11-15 March, 1696/7; 21-24 June, 28 June-1 July, 22-26 July, 1697; 9-13 June, 8-11, 11-15 Aug., 12-15 Sept., 17-20, 20-24 Oct., 31 Oct.-3 Nov., 24-28 Nov., 1698; 13-17 Apr. 1699; *Protestant Mercury*, 18-23 Feb. 1697/8.

² *The Wealthy Shopkeeper and Charitable Citizen*.

CHAPTER I candidates for popularity was *Lloyd's News*, a single
 1689-1713 leaf, appearing three times a week and bearing the imprint "Printed for Edward Lloyd (Coffee-Man) in Lombard-Street." Only three issues are at the British Museum, and the first seven are, unfortunately, wholly lost; but from Number 8, dated September 17th, 1696, onwards, a complete file is preserved at the Bodleian.

'Lloyd's News'
 established.
 Sept., 1696.

It has repeatedly been asserted that *Lloyd's News* was not merely a forerunner but a true ancestor of the much more celebrated *Lloyd's List*, which to-day constitutes one of the chief visible links between the Corporation of Lloyd's and Lloyd's Coffee House of the eighteenth century. It has as often been claimed as a tribute to the journalistic ability of Edward Lloyd himself. Without any desire to be iconoclastic, both assertions must be denied. *Lloyd's News* has practically nothing in common, beyond the name, with even the earliest issues of *Lloyd's List*. It is an ordinary newspaper of the seventeenth century, rather above the average in printing and arrangement, but with no really distinctive characteristics. It contains brief items of foreign and war news of an ordinary type, with occasional references to domestic events—trials, executions, parliamentary proceedings and the like. There is a good deal of shipping intelligence from the ports, and in two or three numbers a large proportion of the space is given to an inventory of East India cargoes—but there is no Course of Exchange, no price list of stocks, no regular lists of arrivals, sailings, or casualties. The names of individual merchant ships are very rarely mentioned.

A typical example of ship news (not so distinguished by any special heading) runs as follows :

"*Yarmouth*. October 12. Since my last there hath passed through our Roads between 20 or 30 sail of Light Colliers and Coasters to the Northward. The Solbay-Frigate and the Gallies Milford and Sheerness (our 3 Fishing Convoys) are now in this Road."¹

¹ *Lloyd's News*, No. 20, 15 October, 1696.

LLOYD'S NEWS.

London, October 15. 1696.

Ghent, October 17. The French Troops under the Mareſchal Villeroy have plundered all the Churches near Bruges, carried away the Bells, broke all the Windows, and cut down all the Hedges and Trees in the open Countrey; and the Damage they have done to the Churches as alſo to the Cloiſters in the Abby of Oudenburgh, is computed at 100000 Guilders. On Sunday and Monday laſt 9 Regiments of Horſe came into Garriſon here. The Elector of Bavaria hath reſuſed to grant Paſſports to divers Ships bound to this Countrey with Wine and other French Commodities.

Amſterdam, October 19. Letters of the 11th inſtant from Arch-Angel Advise, That 7 English Ships arrived there, who upon Notice that ſeveral French Men of War were Cruizing about Shotland, changed their Courſe and ſteered between Shotland and the Orchades. Letters of the 6th inſtant from St. Maloe adviſe, That the main reaſon of the haſty return of Monſieur Renault with his Squadron from the Weſt-Indies was becauſe he had loſt about half his Men by a Sickneſs which raged among them, and moſt of the reſt were ſick; ſo that if he had tarried longer he muſt have left his Ships behind him for want of Men to bring them home; beſides which Squadron there are 3 Men of War come to an Anchor in the Road of Rochell, which are believed to be the Ships of Monſieur de Genes from the South Sea.

Rome, September 29. The Pope hath privately ordered Troops and Arms to be ſent to the Frontiers of the Eccleſiaſtick State, that he may be provided againſt all that may happen in caſe a Neutrality ſhould not be accepted of or finiſhed in Italy. The Reſident of Savoy had this Week another Audience of the Pope, who received him with all the marks of an extraordinary Affection; and declared himſelf extreamly pleaſed with the Conduct of the Duke his Maſter, who had already obliged Italy with the dawnings of a Peace.

Falmouth, October 10. On the 28th paſt put into this Port the Duke of Bavaria, of and for Oſtend, and ſailed again this Morning for Cork. Yeſterday His Maſties Ship Trident arrived here with 2 Coaſters under her Convoy from Plimouth; as alſo His Maſties Ship Danwich in 5 days from Milford, where ſhe left the 10 ſail of Ships that arrived there from Berbadoes, with the Childs-Play their Convoy. Laſt Night ſailed hence His Maſties Ship Jolly, with 3 or 4 Coaſters for Mounts-Bay. The Groin Pacquet-Boat is juſt now going to ſail for Corunna.

Plimouth, October 11. Yeſterday the Mercury Advice-Boat ſailed hence to Cruise on the French Coaſt, and the Intelligence-Brigantine to the Weſtward. On the 9th arrived here the Cheſter-Frigate with 2 Maſt-Ships for our Docks.

Cowes, October 12. Yeſterday and this Morning ſeveral of the outward-bound Ships which lay in this Road ſailed for Spithead to join their Convoys, being adviſed they will ſail ſuddenly. This Morning came into this Road His Maſties Ship Pendennis, Capt. Arden Commander, from Norway; whence he

Expedition, Murry, and Hampton-Court; with the Griffin and St. Vincent Fireships. In the Afternoon arrived at Spithead His Majesties Ship Pendermiss and under her Convoy 5 Mast-Ships for this Place; another called the Black Cock is suppos'd to be put into Studland-Bay, being put from her Anchors on the back of the Wight. The Masters report, That the Chester-Frigate with 2 other Mast-Ships were pass'd by for Plimouth. In the Evening His Majesties Ship Burlington came into the Harbour in order to clean and refit. This Morning sail'd hence for Spithead His Majesties Ship Foresight. Yesterday Afternoon Rear-Admiral Nevil order'd the Isabella-Tatcht into the Harbour in order to take on Board the Presents design'd for the Governments of Argeirs Tripoly and Tunis.

Farmouth, October 12. Since my last there hath pass'd through our Road between 20 or 30 Sail of Light Colliers and-Coasters to the Northward. The Solbay-Frigate and the Gallies Milford and Sheerness (our 3 Fishing Convoys) are now in this Road.

Harwich, October 13. Last Friday in the Night the Patience from Norway ran on shore upon the Maine at the back of the Fort, and is not yet got off: she is Laden with Timber and hath 6 foot Water in hold; and 'tis hop'd by the Spring-Tides now approaching she may be got off. The Wind being contrary all the Pacquet-Boats are on this side; and 2 Mails for Holland remain on shore.

Gravesend, October 13. A Swedish Ship call'd the Hope of Riga lately ran on Ground upon the Red Sand, and being in great Distress the Master and all the Seamen deserted her; she lost her Rudder and had several foot of Water in her hold; notwithstanding the Men belonging to the Chatham Man of War went on board, got her off, and with the Cable steered her within a Mile of this Place.

London, October 15. I mention'd lately in my Paper that 2 English Men of War had taken a French Man of War, a Merchant Ship and 4 Barks; the Man of War were the Coventry Capt. Mixture Commander, and the Gloucester Capt. Poulton Commander; who finding at Smirna that the other Turkey-Ships came not from Scanderoon made a short Cruise, in which they had that good Success.

Yesterday was a Discourse upon the Exchange, That a Hurricane had happen'd in the West-Indies and done abundance of Damage, but the Account I find comes so round about that it is not relied on.

In mine of the 10th I gave you the Abstract of a Letter from Barbadoes, wherein I omitted telling you what Lading the Ship had in her; but among other Goods there was a great quantity of Deal-Boards; and whereas I said she lay 11 Weeks under Water, it is only meant she was sunk so low that the Water ran over her, and could sink no lower being buoyed up by her Lading. The Relation is again Reprinted, and referred to me to justify the truth of it; but I know not by whom, for it was done without my being privie to it.

lost, also made use. *Lloyd's News* usually gives a larger proportion of its space to extracts from the "port letters," and that is all. The *Gazette* itself occasionally gave reports of casualties and other ship news, and a rival publication actually promised a list "of all the Merchants' Ships that either come or go out of any Port of the West of England," although it did not fulfil that promise very completely.¹ In no sense can *Lloyd's News* be considered as any more a specialised trade paper than the other news-sheets of the time.

As to Lloyd's own part in the publication, the transition from supplying his customers with other people's newspapers to financing one of his own was well within the scope of an enterprising Coffee-Man, for little capital was required to produce the newspaper of 1696; but it is very unlikely that Lloyd himself had anything to do with the writing or editing of the sheet. The internal evidence suggests that it was the work of one of the professional compilers of newsletters, who were always ready to place their services and those of their correspondents at the disposal of anyone with the necessary capital and enterprise to substitute the printing-press for the quill.

The business side of the publication was, no doubt, in Lloyd's own hands, and we may fairly credit him with the announcement, which first appears in No. 61, 19 January, 1696/7, that:

"All Gentlemen, Merchants, or others, who are desirous to have this News in a whole Sheet of Paper, for to write their private Concerns in, or other Intelligence for the Countrey, may be supply'd with

¹ *The Currant Intelligence*, No. 3, 17-21 Feb. 1679/80, &c.

CHAPTER I them done upon very good Paper for a Penny a Sheet, at Lloyd's
1689-1713 Coffee-House in Lombard Street."

Unfortunately, within a few weeks of the announcement of this new attraction, *Lloyd's News* had come to an abrupt end.

The cause of its death was a paragraph in No. 76, dated 23 February, 1696/7:

"Yesterday the Lords passed the Bill to restrain the Wearing of all wrought Silks from India, with this amendment, to Prohibit the Importation of them from all Parts, which they sent to the Commons for their Concurrence. They also received a Petition from the Quakers that they may be freed from all Offices."

'Lloyd's News'
discontinued.
Feb., 1697.

The next number should have been issued on February 26th, but, no doubt to the great surprise of its readers, *Lloyd's News* failed to make its appearance on that date. Instead, there was this paragraph in the *Protestant Mercury* of 24-26 February :

"Whereas in *Lloyds News*, of the 23rd instant, it was inserted, That the House of Lords Receiv'd a Petition from the *Quakers*, that they may be freed from all Offices, which being groundless and a mistake, he was desired to rectifie it in his next: but return'd for Answer it was added by the Printer, and that he would Print no more at present."

In the House of Lords' Journals for February, 1696/7, there is no reference whatever to any Quaker Petition,¹ and their Lordships were certainly not acting tyrannically in asking that the mistake should be rectified. It will be noted that no objection was raised, on the score of privilege, to the passage about the Silk Bill. In these circumstances, Lloyd's resolve "to print no more" has an appearance of unjustifiable petulance. The real reason for his decision is probably to be found in the words "it was added by the Printer." The law with regard to newspapers was uncertain; recent events had shown that Parliament was extremely jealous of its privileges; a printer who had taken on himself to add an unfounded report to a paragraph of news might, on another occasion, add something more

¹ H.L. J. Vol. XV. The House of Lords MSS. in the Reports of the Royal Hist. MSS. Commission throw no light on the incident.

accurate but more dangerous, such as a reference to the way Members had spoken or voted. It is not surprising that Lloyd felt indisposed to run the risk.

The incident, at any rate, did no harm to the business of Lloyd's Coffee House; the brief career of *Lloyd's News* may, perhaps, have stimulated it. From the beginning of the eighteenth century the advertisements referring to sales at Lloyd's become numerous. In February, 1700, occurs the first mention of a ship being sold by the candle at Lloyd's Coffee House,¹ and it is clear that during the next few years the house became one of the chief centres for the sale of ships and wines, especially for prizes and prize goods sold by Admiralty orders.² Other advertisements relating to the sale of shares in the Lustring Company, the winding-up of "the Stock called the Spanish Expedition," and meetings of those concerned in the Transport Debts, go to prove both the extent and the character of the business.³

Although he had suppressed his newspaper, Lloyd seems to have made a practice of supplying his customers with intelligence sent in by correspondents. In the *Observer* of 1703 there is a reference to going to Lloyd's Coffee House to read the "Post-Letters" for lists of prizes, etc., and in 1704, advantage was taken of this practice by a speculator, who forwarded a circumstantial account of the capture of St. Helena and fifteen East India ships by a French force, and had the impudence to write, on the following day, that the rumour had served its turn. "To which Mr. Lloyd thinks fit to Answer" (through the *Daily Courant*), "Sir, whoever you are that wrote these two Letters to Mr. Lloyd, he makes it his Request to you, that you would please to confirm your Willingness to take off the Amusement made by the first, by writing him a

CHAPTER I
1689-1713

Lloyd's Coffee
House as an
auction mart.
1700-1713.

Ship news
at Lloyd's.
1703-4.

¹ *Gazette*, 15-19 Feb. 1699/1700.

² A long but incomplete list of advertisements of such sales is printed by Martin in his *History of Lloyd's and of Marine Insurance*, at pp. 81-85.

³ *Gazette*, 23-27 March, 1699; 21-24 Oct., 1706; 3-6 March, 1700/1.

CHAPTER I third Letter in the same Hand the first was, which the
1689-1713 second is not.”¹

It does not appear, however, that Lloyd’s Coffee House was yet in a position to supply the Government with early and exclusive news. A letter of 10 March, 1702/3, to the Admiralty, dated from Lloyd’s Coffee House, is preserved among the State Papers; but it is merely a communication from some anonymous frequenter of the House on the subject of trading with the enemy.² In the Entry Book for the following year, under the heading of “Passes and Post Warrants,” the name of Edward Lloyd frequently appears as vouching for persons who desired passes to go to Holland and elsewhere on the Continent. As all these appear to be mercantile or shipping people, it is extremely probable that this was our Edward Lloyd, who would be in a good position to speak for regular frequenters of his house.³

The auction
pulpit at
Lloyd’s.

By or before 1710 Lloyd’s Coffee House appears to have become the chief commercial sale-room in London, for Addison, in the well-known passage describing the amusement caused by his dropping of a fanciful “sheetful of hints,” refers to Lloyd’s as the place “where the auctions are usually kept.” It was, indeed, from “the auction pulpit” that the boy of the coffee-house read out the “rhapsody of nonsense” concerning the dromedary, the gridiron, and the barber’s pole.⁴

This pulpit was not, however, used only as an auctioneer’s rostrum, for Steele, in an equally famous passage, tells us that it was the custom “upon the first coming in of the news, to order a youth, who officiates as the *Kidney* of the coffee-house, to get into the pulpit, and read every paper with a loud and distinct voice, while the whole audience are sipping their respective

¹ *Observer*, 30 June-3 July, 1703; *Daily Courant*, 4 and 5 August, 1704.

² *S. P. Dom.*, *Naval* 47.

³ *S. P. Dom.*, *Entry Book* 387.

⁴ *Spectator*, No. 46, 23 April, 1711.

liquors.”¹ From the terms in which Steele recom- CHAPTER I
mends the example to others, it may be inferred that 1689-1713
the pulpit was a feature peculiar to Lloyd’s.

It will be observed that in all the various references to Lloyd’s Coffee House contained in the pamphlets and newspapers of the time, there is not a word relating to underwriters or marine insurance. The truth is that underwriting, as a specialised business, had not yet emerged, and although many of the merchants, who were the chief insurers of ships and goods, were, no doubt, among Edward Lloyd’s customers, there is no reason to believe that the Coffee House had become specially associated with this branch of their business. Nevertheless the early history of Lloyd’s Coffee House is strictly relevant to the history of Lloyd’s, for it was the success of that establishment in catering for persons interested in shipping and foreign trade which subsequently led to its selection as the headquarters of the underwriting interest.

Lloyd’s Coffee
House not
identified with
underwriting.
1689-1713.

Of Edward Lloyd’s own life during this period of expanding business and growing reputation, we know a little, but only a very little more than of his earlier years. He appears to have taken an active part in the life of his new parish, and most of the few tantalising glimpses we catch of him are derived from its records. On January 15th, 1692, there was a joint meeting of the Vestries of the united parishes of St. Mary Woolnoth and St. Mary Woolchurch Haw, to arrange as to the apportionment of certain fees, and Edward Lloyd’s signature, as a member of “the present vestry” of St. Mary Woolnoth, is duly appended to the Agreement entered in the Minute Book. Here, as always, he signs himself “Lloyd,” though the forms “Lloyd” and “Loyd” are both common in the minutes themselves. In 1694 he was chosen as one of seven “to have the

Private life of
Edward Lloyd.
1692-1702.

¹ *Tatler*, No. 268, 26 December, 1710. Kidney=waiter.

CHAPTER I Trust declared to them" by the Trustees for the purchase of certain lands at Ware and Amwell on account of parish charities. In April, 1697, he was elected Sidesman; and in December, 1699, Constable and Questman of Langbourn Ward for the South Precinct of St. Mary Woolnoth.¹

Ed. Lloyd as
Constable.
1699.

There is nothing to tell us how Lloyd discharged his Constable's Oath to "Arrest all them that make Contest, Riot, Debate, or Affray . . . rear on them an Out-cry, and pursue them from Street to Street, and from Ward to Ward, till they be Arrested." It was not an easy oath to keep in those days, when the Constable's only assistants were citizens taking their turn as Watchmen and very unwilling to obey the summons. The streets were lit, only on moonless winter nights, by one smoky lantern hung before each tenth door. Housebreakers and footpads abounded, and to these was added the yet more dreaded scourge of the Scourers, Mohocks, or other bands of dissolute young men about town, flushed with wine, primed for mischief, and equally ready to roll a decent citizen in the gutter, and to draw sword on him if he resented the outrage. Probably, however, the neighbourhood of the Exchange, the Post Office, and the Mansion House, ensured in the parish of St. Mary Woolnoth a more effective watch than was usually kept.

Churchwarden
1702-3.

An assessment for the Clerk's and Sexton's wages, in 1703, suggests that Lloyd, as might be guessed from the flourishing state of his business, was among the more substantial householders of the parish, and in April, 1702, he was one of the two successful candidates out of five who stood for election as churchwardens. In the following year he was elected for a second term of office.²

¹ Guildhall MS. 1001—*Vestry Minute Books of St. Mary Woolnoth*, Vol. I, 1679-1775, pp. 88-9, 107, 120, 134. There is another original signature on p. 114.

² Guildhall MS. 1001, p. 148. Lloyd was assessed at 2/- . Excluding the Post Office (16s. 6d.) there were seven assessments at 3/- ; fifteen at 2/6 ; eighteen at 2/- ; twenty-four at 1/6 ; and twenty at 1/- ; *Ibid.*, pp. 142, 146.

His family had been increased, in 1693, by a daughter, Handy, who was duly baptised at St. Mary Woolnoth. The entry in the register, dated 29 January, 1692/3, describes her as the daughter of "Edward and Abigail Loyd, Coffeeman," and has been very useful in identifying the Edward Lloyd of the All Hallows Registers as the proprietor of Lloyd's Coffee House. On April 24th, 1698, he married his daughter Mary to one Thomas Sivedale, of whom we know nothing, except that, in that year, he had a shop on the ground floor of No. 17, Lombard Street. A few months later Abigail Lloyd died, and was buried on August 7th in St. Mary Woolnoth.¹

CHAPTER I
1689-1713

Lloyd, as we shall have further occasion to note, had no love for the estate of a widower, and on October 7th of the same year he obtained a license for his marriage with Elizabeth Mashbourne.² His new wife, a widow, may have brought him some money, for a deed, of which a copy is preserved at Lloyd's, records that in 1706 she purchased an annuity of £10, at a cost of £155.

Lloyd's second
marriage.
1698.

Elizabeth bore him no children; but he had still two daughters to be settled, and one, Abigail, probably the eldest, was married on September 22nd, 1709, to Edward Falkener, a watchmaker, who had probably taken over John Finch's business; for he is described in the Poor Law Assessment for 1705 as "under Lloyd's Coffee House." Another portion of the ground floor of 16, Lombard Street was occupied, in that year, by Messrs. Boddicott and Tussingham, scriveners. Boddicott had previously been the householder of No. 15, and in an assessment of 1710, for a fire-engine, Jno. Tussingham and Partner are shown as the occupants of that house. Falkener was still at No. 16, and so was Samuel Sheppard, a haberdasher, who will come, a

His sub-tenants.

¹ *Transcript of the Registers of St. Mary Woolnoth and St. Mary Woolchurch Haw*, J. M. Brooke and A. W. C. Hallen, 1886, pp. 78, 164, 265; Guildhall MS. 1010.

² *Faculty Office Marriage Licenses*, Brit. Rec. Soc., 162.

CHAPTER I few years later, more directly into this history. Mr. 1689-1713 Hilton Price, without citing his authority, describes Sheppard as advertising himself in this year, 1710, as a haberdasher of hats at "The Queen's Arms next Lloyd's Coffee House"; but it is clear that "next Lloyd's Coffee House" must mean merely by the entrance thereof; for the assessment specifically states that Sheppard, like Falkener, was "under Mr. Loyd (*sic*)."¹

A foundling at
Lloyd's Coffee
House.
1700.

These are meagre details; but there is little that can be added to them. The one poor fragment of human interest that can be attached to Lloyd's Coffee House is an entry in the Registers of the baptism, in January, 1700, of Sarah Woolnoth, a foundling child, "taken up in Mr. Lloyd, the Coffeeman"—that is, laid on the step of the Coffee House and, by the charity of Lloyd himself or his household, taken in and brought for baptism. Within a week, the same Registers record her burial.²

Lloyd and
his friends.

Of Lloyd's own character, tastes, and disposition we know practically nothing beyond what we can deduce from the record of his successful business career and his activity in parish affairs. Of his relations with his business competitors, we know only (and this is to his credit) that John Elford, whom we have already noticed as proprietor of a house frequented by customers of much the same class, became his "very good friend." Elford himself was a son of one of the very earliest Coffee Men, and his recollections of his father's establishment have an important place in coffee-house history.³

With increasing wealth and reputation came the ambition to hold something more than parochial office, and on December 13th, 1710, Edward Lloyd was among those whose names were put forward, at a pre-

¹ *Transcript*, p. 170; Guildhall MSS. 1010, 1111; Hilton Price, *The Signs of Old Lombard Street*, p. 43.

² *Transcript*, pp. 86, 267.

³ Will of Edward Lloyd; Robinson, *Early History of Coffee Houses*, pp. 119-25, 221.



GENERAL POST OFFICE, LOMBARD STREET, ABOUT 1793

GENERAL POST OFFICE, CIRCA 1793
SHOWING BUILDINGS ADJOINING LLOYD'S COFFEE HOUSE

Edward Lloyd
Edward Edwards
For William
H. Guy.

SIGNATURE OF EDWARD LLOYD, 1692

Edw Lloyd

SIGNATURE OF EDWARD LLOYD, 1712

cinct meeting, as “ in Nomination for Common Council men.” His candidature, however, was unsuccessful, and a second attempt, in the following year, brought him no better fortune.¹

CHAPTER I
1689-1713

Possibly he was thought hardly sufficiently active for a place on the Council, for by 1712 he was certainly in failing health. We have two autographs of that year, one in the Minute Book of the joint vestries of St. Mary Woolnoth and St. Mary Woolchurch Haw, and one in the Vestry Minute Book of St. Mary Woolnoth itself.² Both, though clear, are shaky, and present a striking contrast with the vigorous signature of 1692.

On October 7th, his wife Elizabeth died, and was buried three days later in St. Mary Woolnoth. The Churchwardens' accounts record the ringing of the “Great Bell” as was usual at the interment of people of decent condition.³ Less than two months later, with what seems an indecent haste, he obtained a license for his marriage with Martha Denham.⁴ Possibly he wished for an attached nurse in his decline; possibly he desired to make provision for a woman already in his service. This is pure conjecture; but it is certain that, on January 21st, 1713, less than two months after his marriage, he made a will, by which his new wife was the principal beneficiary, and in which he describes himself as “weak in body,” though “of sound and disposing mind and memory.”

Lloyd's third
marriage.
1712.

By the terms of this will Lloyd divided his property, after payment of debts and funeral expenses, into three equal parts. Of these the first was to be divided between his children, Elinor Holman, Mary Franks, Abigail Falkener, and Handy Lloyd, “share and share alike.” There is no mention of his son, Hugh, who

His Will.
Jan., 1713.

¹ Guildhall MS. 1001, pp. 179 and 184.

² Guildhall MSS. 1003, Minute of 6 May, 1712; 1001, Minute of 22 May, 1712.

³ *Transcript*, p. 281; Guildhall MS. 1003, *Churchwardens' Accounts*, under date 10 Oct., 1712.

⁴ *Faculty Office Marriage Licenses*, 275. (28 Nov., 1712).

CHAPTER I may have predeceased him. The second part went to
 1689-1713 his "dear and loving wife," Martha Lloyd. From the third part, "which it is in my power to dispose of as I think fit," certain specific legacies were to be paid; one guinea each to his "very good friends" Thomas Drake and Richard Elford, whom he appointed "Overseers" of the will, to buy mourning rings, and £100 to his granddaughter, Elizabeth Sivedale, on her attaining the age of twenty-one, or on her marriage, but with the proviso that it should not bear interest in the meantime. From this it is evident that Mary Lloyd's first husband, Thomas Sivedale, had died, and that she had taken a second husband of the name of Franks. After payment of these legacies, the whole residue was to go to his wife, whom he appointed sole executrix.

A few days later, on January 28th, he added a codicil, putting on record that whereas he had "buried a late wife and gave mourning I do request that my funerall be decent and give no mourning only a sune not exceeding thirty pounds for my funerall charges." The main purpose of the codicil, however, was to instruct his executrix and trustees¹ to assign the lease of his house to "my servant William Newton, paying the rent to the landlord and five pounds pr. ann. more to the Master and Wardens of the Frameworkknitters Company for the poor of the said Company."

Wm. Newton
 marries Handy
 Lloyd.
 Jan., 1713.

The reason for this provision as to the lease appears from an entry of January 30th in the Registers of St. Mary Woolnoth, which records the marriage of William Newton to Handy Lloyd.² There can hardly be any doubt that Newton, whom Lloyd thus selected both as his son-in-law and his successor, had been his head waiter, and it is quite likely that he had had the chief management of the house during Lloyd's last years. He had not long to wait before entering into his

¹ The modern word "trustees" is used in the Codicil instead of "overseers."
² *Transcript*, p. 172.

heritage, for in the *Flying Post* of 14-17 February, 1712/13, there appeared the announcement: "London. On Sunday last [February 15th] Died Mr. Loyd the Coffee-Man in Lombard Street." This is the sole item of London news appearing in that issue, and its appearance shows clearly that Lloyd was not merely the proprietor of a flourishing business, but a man of some mark in his day; for any obituary notice of a private person is, at this date, exceedingly rare. On the same day that the notice appeared, he was buried "in the middle aisle" of St. Mary Woolnoth.¹ His remains, with those of all other persons buried in the vaults of the Church, were transferred in 1892 to Ilford Cemetery, where they lie under one common monument. If any tablet was erected to his memory in St. Mary Woolnoth, it disappeared when the Church was rebuilt by Hawksmoor.

CHAPTER I
1689-1713
Death of
Edward Lloyd.
February,
1713.

William Newton was now Master of Lloyd's Coffee House; but the goodwill attaching to the name, as to that of Garraway's, John's, and many other establishments called after their first proprietor, was too valuable to be lost. William Newton and his successors alike were proud to be termed Masters of Lloyd's; but before recording the fortunes of the house under their management, something must be said of the events which gave rise to its special associations with marine insurance.

Wm. Newton
Master of
Lloyd's.

¹ *Transcript*, 15 February, 1712/13. Guildhall MS. 1003.

CHAPTER II.

THE EARLY UNDERWRITERS AND THE MARINE
INSURANCE CORPORATIONS.

1574-1720.

IF any speculations as to the future of the flourishing business he had built up passed through the mind of Mr. Edward Lloyd, as he lay a-dying in February, 1713, they were probably very wide of the mark. He would reflect with pride on the position of Lloyd's Coffee House as an auction-mart for ships and prize-goods; he would wonder whether his "servant" and son-in-law was clever enough to retain and extend its popularity as a resort of merchants, shipowners, and shipmasters; but it is most unlikely that his thoughts turned, even for a moment, to the development of marine insurance. There can be little doubt that, even during the lifetime of Edward Lloyd, many policies were subscribed or discussed under the roof of the Coffee House in Lombard Street; but there is nothing to suggest that Lloyd's was more closely associated with underwriting than with any other branch of foreign trade. Yet within ten years of his death a series of events that threatened, at one time, to drive the private underwriter altogether out of business, had given the first impetus to the rise of Lloyd's Coffee House as the headquarters of the underwriting interest.

In order to set these events in their proper perspective, something must first be said about the state of the marine insurance market in the days of Edward Lloyd; for it was the proved inadequacy of the existing facilities that led, by slow degrees, to the building up of that great institution which is now devoted to the promotion of the underwriter's interests.

It is not necessary for this purpose to go back to the first beginnings of marine insurance in England; still less to its development by the Italian Republics of the Middle Ages, or its more remote origins in the laws of classical times relating to bottomry and average. It is sufficient to say that the practice of marine insurance was firmly established in England in the sixteenth century, and that during the last quarter of that century the first attempt was made to centralise and regulate the business of underwriting.¹

At that time, and for long afterwards, underwriting was not a specialised business. It was carried on by merchants who subscribed policies, from time to time, as a side-line to their other activities. John Gresham, for example, who wrote £25 on the *Eli* in 1559, was a mercer and merchant adventurer, brother to Sir Thomas.² The business of insurance broker was combined in the same way with that of the sworn brokers, all bound in sureties, who acted as the merchants' agents in the sale and purchase of goods. The policies themselves were generally, but not invariably, drawn up and attested by members of the Faculty of Notaries.

There is nothing to show that this system had proved inadequate to the requirements of commerce; but, in or about the year 1574, an ingenious gentleman named Richard Candler perceived the opportunity, offered by the business, for a profitable monopoly, and in the following year he obtained a Patent granting to him and his deputies the sole right of "making and registering" policies and instruments of assurance. This grant was justified in the preamble by an allegation that the secrecy with which insurances could be effected had led to many unscrupulous persons insuring the same goods in different places, whereby the insurers

CHAPTER II
1574-1720

Sixteenth
century
underwriting.

The Office of
Assurances.
1574.

¹ For early notices of marine insurance in England see Wm. Witt Blackstock, *The Historical Literature of Sea and Fire Insurance in Great Britain*, 1547-1810, 1910, pp. 1-23; R. G. Marsden, *Select Pleas in the Court of Admiralty*, Vol. II, 1897, *passim*; J. W. Burgon, *Life and Times of Sir Thomas Gresham*, 1839, Vol. I, pp. 323 n, 401-2.

² Blackstock, *op. cit.*, p. 23; and see early policies in Marsden.

CHAPTER II were defrauded, "And the auncient custome of mer-
 1574-1720 chauntes in Lomberd Strete and nowe the Ryall Ex-
 chaunge by that means almost growen out of estima-
 tion which here to fore as we are enformed hath beene
 accompted the chief foundation of all assuraunces."¹

Notaries and
 Protests by
 Brokers.

It must be admitted that, so long as underwriters were scattered and unorganised, the danger of fraudulent double insurance was a real one; but the proposed monopoly was no less open to objection. The Notaries, sixteen in number, at once petitioned the Lord Mayor against the grant, on the ground of the threatened destruction of their business. The Brokers, of whom there were thirty, based their opposition on broad considerations of public interest. They complained of the proposed interference with the liberty of the merchant, who had hitherto been able to effect insurances, if he wished, without recourse either to Notary or Broker. They urged the certainty of delay and possibilities of favouritism inherent in a monopoly, and the harm that would be done to merchants, intending some "secret, and yet lawful voyage," by compulsory registration of their policies at a public office. Finally, they claimed that "the Credit and Fidelity of the Broker is occasion to divers Assurances, which otherwise would not be made."²

As a result of these petitions the Lord Mayor was instructed to appoint a Commission of Inquiry into the proposed Office of Assurances which, very much to Candeler's annoyance, proceeded to lay down a fixed and reasonable scale of fees for registrations, certificates, copies, and searches. The monopoly, however, was left intact.

It was one thing to grant a monopoly; it was quite another to enforce it. Not for the last time in the his-

¹ Blackstock, pp. 23-25, quoting Patent of 21 February, 1574/5. The monopoly was not confined to marine policies: See Policy on life printed by William West in *Symbolographie*, Part I, edn. of 1622, Section 664.

² Strype, *Stow's Survey of London*, 1720, II, 242-3.

tory of marine insurance, it proved impossible to override officially the convenience of business men, and Candeler was soon complaining that evilly disposed persons were defeating the aims of the Government, by refusing to bring policies to his office. Enough business came to it, however, to render it profitable, and in 1605, a further patent continued the office in the hands of Candeler, or his son, with whom one C. Heybourne was now associated.¹

In the meantime a new Court had been erected for the trial of insurance causes. Assurers and assured, in the spacious days of Elizabeth, appear to have avoided litigation as much as possible. In the words of the Privy Council, insurance was a matter which "consistethe and standeth much upon the orders and usages of merchauntes by whom rather than by course of law yt may be forwarded and determyned;" and the policies of the time frequently provided that the parties would be bound by the customs of Lombard Street. Sometimes they contained a specific arbitration clause. That in the *Sancta Crux* policy of 1555 is worded with somewhat cynical brevity: "We promys to remyt yt to honest merchaunts and not to go to the lawe." When a resort to litigation became absolutely necessary, the proper tribunal was the Admiralty Court, which seems to have given little satisfaction, and most disputes not settled by arbitration were referred by the Council or the Admiralty to special commissioners appointed *ad hoc*.²

The Court of
Assurances,
1601.

In 1601, however, an attempt was made to provide a more satisfactory tribunal, by establishing a Standing Commission, to be renewed yearly by the Lord Chancellor or the Lord Keeper, for the trial of insurance causes. Of this Commission the Judge of the Admiralty Court and the Recorder of London were to be

¹ Blackstock, *op. cit.*, 25, 31.

² Marsden, *op. cit.*, pp. lxxvi, lxxx, 50.

CHAPTER II *ex officio* members, and the remaining Commissioners
 1574-1720 were to include two Doctors of Civil Law, two common lawyers, and eight merchants. Five Commissioners formed a quorum, and there was a right of appeal to the Court of Chancery.

The preamble to the Act establishing this Court of Assurances deserves quotation, as a very early summary of the benefits of insurance:

"Whereas it hath bene tyme out of mynde an usage amongste Merchantes, both of this Realme and of forraigne Nacyons, when they make any greate adventure (speciallie into remote partes) to give some consideration of Money to other p̄sons (which cōmonlie are in noe small number) to have from them assurance made of their Goodes Merchandizes Ships and Things adventured whiche course of dealinge is cōmonly termed a Policie of Assurance; by meanes of whiche Policies of Assurance it comethe to passe, upon the losse or perishinge of any Shippe there followethe not the undoinge of any Man, but the losse lightethe rather easilie upon many, than heavilie upon fewe"

words which Lloyd's to-day might be proud to take as their motto.¹

Decay of the
Court of
Assurances.

Excellent as were its intentions, the Court of Assurances struck no deep root in the British judicial system. Its jurisdiction was confined to London, to policies on goods, and to claims by the assured. It was frequently at loggerheads with the established Courts of Law, who held their Common Law jurisdiction to be infringed by its activities. Its decisions have left no recognisable trace on the law of marine insurance; its records have wholly disappeared, and it is doubtful whether it had so much as a hundred years of effective life. Its chief interest, for present purposes, lies in the fact that it took cognisance only of policies registered with the Office of Assurances, and thus helped to maintain the monopoly enjoyed by Candeler and his successors.²

¹ 43 Eliz., c. 12. Some improvements in procedure were introduced by an Act of 1662, 14 Car. II, c. 23.

² Blackstone's *Commentaries on the Laws of England*, Vol. III, p. 74; John Weskett, *A Complete Digest of the Theory Laws and Practice of Insurance*, 1781, p. 154; James Allen Park, *A System of the Law of Marine Insurances*, 3rd Edn. 1796, Introduction; Samuel Marshall, *A Treatise on the Law of Insurance*, 3rd Edn., 1823, pp. 23-6.

It is clear, however, that the desire of the merchants to keep their transactions private, or to avoid payment of fees, was always too strong for the monopoly to be strictly enforced. Charles Molloy, writing in 1676, actually divides all insurances into two classes—"public" insurances, made at the Office in the Royal Exchange, and "private" insurances, secretly effected. He adds that both were of equal validity at Common Law, though only the former could be proceeded on before the Commissioners of the Court of Assurances.¹

CHAPTER II
1574-1720

By 1686 the Office had got into the hands of Sir Allen Broderick's assigns; but a proclamation of that year informs us that many persons "for their own private lucre" set up offices for making policies, and failed to register the same at the appointed place. It is unlikely that this proclamation did much to check the practice, and at, or shortly after the Revolution of 1688, the Office seems to have disappeared altogether, like many other Tudor or Stuart monopolies.² It is true that, in the *Gazette* of 2-6 February, 1720, there is an advertisement by the "Publick-Assurance-Office on the Royal Exchange"; but it seems very doubtful whether this was identical with the old Office of Assurances, and it certainly possessed no monopolistic privileges.

Disappearance
of Office of
Assurances.
c. 1688.

At the beginning of the eighteenth century the conditions of the insurance market seem to have been very much what they were under Elizabeth, prior to the creation of the Office of Assurances. The assurers were still, for the most part, merchants ordinarily engaged in other business. The one real change was that the business of the insurance broker had become specialised. Hatton, who quaintly lumps together in a single section of his work on London, "Fountains,

Rise of the
insurance
brokers.
c. 1700.

¹ *De Jure Maritimo*, 1676, pp. 240, 270.

² *A Proclamation for the better Execution of the Office of Making and Registering Policies of Assurances in London*, 30 April, 1686. Printed 1687. Taylor Broadsides, No. 61, in Guildhall Library. For previous grantees see Blackstock, *op. cit.*

CHAPTER II Bridges, Conduits, Ferries . . . Insurances of all kinds,
1574-1720 Bagnios, Baths Hot and Cold," describes the brokers
as follows:

"Offices that Insure Ships or their Cargo are many about the Royal Exchange, as Mr. Hall's, Mr. Bevis's, etc., who for a Premium paid down procure those that will subscribe Policies for Insuring Ships (with their Cargo) bound to or from any part of the World, the Premium being proportioned to the Distance, Danger of Seas, Enemies, etc. But in these Offices 'tis customary upon paying the Money on a Loss to discount 16 per Cent."¹

Within a few years, this heavy discount, demanded by the insurance brokers, or "office-keepers" as they were termed, was to become a powerful weapon in the hands of their enemies.

Lack of an
underwriting
centre.

The two great defects of the existing system were the lack of any kind of guarantee for the stability of the underwriter, and the lack of a recognised centre for the transaction of business. Such a centre had formerly been provided by the Royal Exchange, and the necessity of registering policies at the Office of Assurances had greatly increased its importance. Pepys might pick up news at the coffee-houses with regard to insurance frauds, or the fate of ships in which he was interested; but it seems to have been on the floor of the Exchange itself that he sought quotations for premiums on naval stores and other Government cargoes. Now, with the closing of the Office of Assurances, the growth of business, and the rise of the coffee-houses, the Exchange had lost something of its former predominance, and it was necessary for brokers to trail round to a score of coffee-houses and merchants' offices, in order to make up a policy.

Proposed
Marine
Insurance
Corporation.
1660.

So early as 1660, a bold proposal had been made by Col. John Russell, Wm. Brereton, Sir Wm. Killegrew, and others, to provide both security and a centralised market by the establishment of a great Corporation of Insurers under Royal Patent, for the insurance of ships

¹ Hatton, *A New View of London*, 1708, II, 787.

and cargoes. Estimating the foreign trade of the country at about £7,000,000 a year, the projectors pointed out that, if even half that amount were insured at an average of 5 per cent., it would yield a premium income of £175,000; but with all the optimism of the company promoter, they hoped that practically the whole trade would be insured. By way of security to the assured—and this was the kernel of their proposals—they were ready to raise a capital of £500,000, to be deposited at moderate interest in the hands of the East India Company, or otherwise secured.

This proposal was submitted to the Council of Trade, who reported favourably to the scheme, but with two important provisos: all losses should be paid without the customary abatements, and no one should be prohibited from insuring elsewhere. To the minds of the seventeenth and eighteenth centuries, "company" meant "monopoly," and this proviso may well have seemed to the projectors to knock the bottom out of the scheme. At any rate, no more was heard of it; perhaps it was easier to talk of raising a capital of £500,000 than to do so.¹

What is rather surprising is that for nearly sixty years the idea of a company for marine insurance lay absolutely dormant. This is the more strange because the business of fire insurance was carried on by companies from a very early date. Dr. Nicholas Barbon and others started the Fire Office (now the Phoenix) in 1680: the Friendly Society for mutual insurance against fire was established in 1684; the Amicable Contributors, or Hand-in-Hand Fire Office, in 1696. It was an essential feature of these companies that definite security should be given to the assured for the payment of losses. The original Fire Office, for instance, purchased ground rents to the amount of £2,100 per annum and settled them on Trustees, as security for the insurance of

Early Fire
Companies.
1680-1696.

¹ Blackstock, *op. cit.*, pp. 37-40.

CHAPTER II 5,000 houses; after which no more were to be insured
 1574-1720 until £10,000 had been laid out in ground rents as
 security for another 5,000.¹

Disaster to
 Smyrna Fleet.
 1693.

It speaks well for the stability of the merchants engaged in underwriting that no attempt to carry the same principle into the realm of marine insurance was thought necessary until a much later date; but the seeds of discontent with the existing system were sown before the end of the seventeenth century. During the prolonged war with France which followed the accession of William III, British and Dutch commerce suffered severely from the depredations of the French cruisers and privateers under such active and daring leaders as Jean Bart and Du Guay-Trouin. All previous sufferings, however, were completely overshadowed by the fearful blow which fell on the Allies in 1693. In May of that year, a huge convoy of some four hundred merchant vessels—most of which had been waiting many months for escort—sailed for the Mediterranean and Levant. The main Anglo-Dutch fleet saw the convoy clear of the Soundings, and Rooke, with twenty men-of-war, accompanied it to the Mediterranean. Unfortunately the cruiser work and intelligence system of the Allies were defective. Tourville slipped out of Brest, effected a junction with the Toulon squadron under d'Estrées and fell in overwhelming force on the "Smyrna Fleet," as it was called, in the Bay of Lagos. Rooke did all that a bold and skilful officer could do, to protect the immense interests entrusted to him; but his force was wholly inadequate. Three of his own ships were captured; the vast convoy was scattered to the four winds, and nearly a hundred merchantmen, valued with their cargoes at £1,000,000, were captured or destroyed.

The loss fell most heavily on the Dutch—still far ahead

¹ Blackstock, *op. cit.*, 59 ff.; *London Gazette*, 20-24 May, 1680 (Barbon), 28 Aug.-1 Sept., 1684 (Friendly Society); *Table of the Insurance Office at the Back side of the Royal Exchange*, (1683), in Guildhall Library.

of Great Britain in the carrying trade—but the loss to English merchants and underwriters was heavy enough. The whole City was shaken by the news, and an eye witness has left on record that many merchants left the Royal Exchange with the faces of men under sentence of death.

CHAPTER II
1574-1720

So terrible was the blow that even the richest merchants had difficulty in meeting their obligations, and many of the smaller men found themselves faced with ruin. In the interests of public credit, it was proposed that the State should come to the aid of the underwriters, and on December 9th, leave was given to bring in a Bill, "to enable divers Merchants-Insurers, that have sustained great Losses by the present War with France, the better to satisfy their several Creditors." The proposal was, apparently, not for a subsidy, but for some compulsory composition of the claims, for on December 21st a Petition against the Bill was received from "Creditors of the said Insurers for very great Sums." On the other hand one Daniel Foe, who had engaged in underwriting, and some of whose creditors were standing out of a proposed scheme of arrangement, petitioned successfully to be added to the list of those protected. This was no less a man than the author of "Robinson Crusoe," who took the name of "Foe" in his mercantile speculations.

Merchants-
Insurers Bill.
1693.

On February 27th, 1694, the Bill passed its third reading in the Commons; but the Lords, moved perhaps by the arguments of the petitioners against the Bill, threw it out on the second reading, and it was not revived. The "merchant insurers" were left to make what arrangements they could with their creditors, and a seed of bitter memories was sown, which was to bear fruit a quarter of a century later.¹

¹ For the Merchant Insurers Bill see *House of Commons Journals*, Vol. XI, pp. 25, 30, 31, 38, 87, 102, 110; *House of Lords Journals*, Vol. XV, 390; Fk. Clifford, *A History of Private Bill Legislation*, Vol. II, 1887, 567-8; *Reasons Humbly offered for the passing of a Bill to enable divers Merchants that have been great Sufferers by the present War with France the better to satisfy their Creditors*.

CHAPTER II It was in 1717 that the idea of a marine insurance corporation came once more into prominence. At that time the mania for speculation which culminated in the South Sea Bubble was gathering impetus, and anyone with a few shillings to lay down could take his choice of a hundred wild cat enterprises which offered, for a small deposit, the right to share in some high-sounding adventure. The course and symptoms of that mania have often been described and need not be repeated here. It is unnecessary even to dwell on all the various insurance schemes which took their place amongst the countless projects by which knaves enriched themselves at the expense of fools during the currency of the great delusion—the new fire insurance schemes, the schemes for insurance against house-breaking and highway robbery, the more fantastic proposals for insurance against death by gin-drinking, for an “Assurance from Lying,” and an “Assurance of Female Chastity,” the premiums for which it would be interesting to know. The history of Lloyd’s is concerned only with the marine insurance projects which, significantly enough, were among the few with sufficient vitality to survive the great crash in 1720.

South Sea Bubble
and insurance
projects.
1717–20.

The story of these begins in August, 1717,¹ when a subscription was opened for the purpose of raising a stock of £1,000,000 to be employed in insuring ships and merchandise at sea. Among the promoters was Case Billingsley, of Bradley and Billingsley, Solicitors to the Mercers’ Company, and the project itself was known as the Mercers’ Hall Marine Company. On January 16th, 1718, the list was closed, and about ten days later a Petition dated London, January 25th, 1717/18, was presented to the Privy Council, praying

The Mercers’ Hall
Marine Company.
1717.

¹ The most important authorities for the story which follows are the Commons Journals, Vol. XIX, and the *Special Report from the Committee appointed to Inquire into and Examine the Several Subscriptions, etc.*, 1720 (B.M. 357b 3/30), which reprints in full the various petitions and the reports by the Law Officers thereon. See also W. N. Whympers, *The Royal Exchange Assurance*, 1896; G. S. Street, *The London Assurance 1720–1920*, 1920; F. B. Relton, *An Account of the Five Insurance Companies*, 1893, and the works by Blackstock and Clifford already cited.

for a charter of incorporation. To this petition there were 286 signatures, headed by Sir Justus Beck, and including Lord Onslow, late Speaker of the House of Commons, and uncle of the celebrated "Speaker Onslow."

CHAPTER II
1574-1720

Although the petition expressly stated that there was no intention to exclude the private insurers from carrying on their business, the underwriters of the City were at once up in arms, and within a few days a counter-petition was presented by 375 merchants and traders of London, headed by Sir Gilbert Heathcote, a great Whig merchant who, in the reign of William and Mary, had made himself conspicuous by challenging the monopoly of the Old East India Company. The line taken by the petitioners was that the offices of the insurance brokers afforded ample facilities; the existing system of underwriting gave complete satisfaction and attracted much business from abroad; the competition of a great corporation would inevitably discourage private underwriting, and thus hamper trade.

Underwriters
attack proposed
Corporation.
1718.

The merchants of Bristol, the only outpost whose commerce was in any way comparable with that of London, took similar action, and sent up a petition of their own, with 111 signatures headed by that of the Mayor, John Day. Their arguments were practically the same as those of the London petition.

On February 2nd all three petitions were referred by the Privy Council to the Lords Commissioners of Trade, and to the Attorney General and Solicitor General. The Lords Commissioners eventually presented a colourless report, dealing merely with the facts alleged in the petitions, and expressing no opinion on the merits of the question. The Attorney General, Sir Edward Northey, and the Solicitor General, Sir William Thompson, went more thoroughly into the matter, which seems, indeed, to have been left mainly to their decision. For this purpose

Inquiry by
Law Officers.
1718.

CHAPTER II they conducted an inquiry in Chambers, and heard
 1574-1720 counsel and witnesses, both for the applicants and for the London merchants. The Bristol opponents of the scheme did not apparently think it worth while to be separately represented.

Law Officers'
 Joint Report.
 Mar., 1718.

The evidence presented by both parties throws much light on the state of insurance practice, but can most profitably be summarised in connection with that given in the proceedings which followed. For the moment it is enough to say that, on March 12th, the two Law Officers presented a joint report in which they summed up dead against the applicants. Their main objection was simply to the novelty of the proposal. There was nowhere in Europe any corporation for the insurance of ships; the business had always been carried on in the same way as at present, and that method was generally approved both at home and abroad. Seeing that "the insuring of Ships is of absolute Necessity for the carrying on of foreign Trade," the responsibility of recommending any innovation was greater than they cared to take. If any experiment was to be made in so important a matter it should be only on the advice of Parliament. For these reasons, they had come to the definite conclusion, "We cannot advise the erecting a Corporation for the insuring Ships and Goods at Sea."

The opponents of incorporation had thus won the first round; but Lord Onslow and his associates were not men to be easily discouraged. Their next step was highly ingenious. During the reigns of Elizabeth and the first two Stuarts, grants of charters and letters patent had been made to many groups of private monopolists in respect of undertakings which had since been abandoned, or had sunk into insignificance, although the corporations themselves still dragged on a shadowy existence. By buying out the holders of these obsolete charters it was possible to obtain some pretence, at

least, of right to carry on business as a corporation, and one, William Smith, promoting the United Company of Insurers (a Fire Insurance project), openly advertised: CHAPTER II
1574-1720

"If any persons who are possessed of any such Charter, will make him proposals at his House in Aldgate, they may find it to their Advantage."

Sir William Thompson himself stated that, during an inquiry before his successor into a later group of petitions, there were public biddings for obsolete charters in the Attorney General's Chambers, as though at an auction room.¹

It was to this expedient that the subscribers to the Mercers' Hall Marine Company now resorted. In the year 1568 charters of incorporation had been granted to two bodies called, respectively, the "Governors, Assistants, and Commonalty of the Mines Royal," and the "Governors, Assistants and Society of the Mineral and Battery Works." Both societies were formed for the purpose of working licenses to search for minerals, which they had acquired from the original grantees. In 1604 and 1605, respectively, they obtained new charters from James I; but by 1714, when they amalgamated under the title of the "Mines Royal, Mineral and Battery Works," both societies were moribund, though they still made some show of carrying on business. Here was an obvious opportunity for a deal. The Mercers' Hall subscribers were advised by Counsel that underwriting might lawfully be carried on under the charters in the possession of the amalgamated society, and at once decided to acquire them.

The Society of
the Mines Royal.
1718.

This was not an expensive business. The old proprietors numbered only about 124, and these, with the exception of one or two who refused to sell, were bought out at the rate of £23. 8s. 6d. per share. On August 27th, 1718, a new subscription was opened for the purpose of carrying on an underwriting business under colour of the charters, and in September Lord

¹ *Daily Courant*, 5 March, 1719; *House of Commons Journals*, Vol. XIX, 305.

CHAPTER II Onslow became a Governor of the joint society. By
 1574-1720 March, 1719, a nominal fund of £1,152,000 had been
 subscribed, mainly by persons previously concerned
 in the Mercers' Hall Marine Company, and in that
 month the "Governors and Court of Assistants and
 Societies of the Mines Royal Mineral and Battery
 Works" began to insure ships and cargoes. In the fol-
 lowing May they presented a petition, in their cor-
 porate capacity, praying for Letters Patent to insure
 ships and merchandise at sea, exclusive of all other
 corporations.

Mines Royal
 insure ships
 and cargoes.
 Mar., 1719.

The immediate reply was a joint petition by the mer-
 chants of London and Bristol, opposing the grant, and
 praying for resumption of the existing charters, on the
 ground that they had become obsolete, and were being
 illegally used for purposes foreign to the original con-
 stitution of the societies. It appears, however, that
 many of the private insurers had lost heart, or gone
 over to the enemy, and only 183 signatures were ap-
 pended.

Inquiry by
 Attorney
 General.
 1719-20.

Both petitions were referred to the new Attorney
 General, Sir Nicholas Lechmere, who proceeded to
 hear counsel and witnesses. These proceedings drag-
 ged on for many months; but the Attorney General
 appears to have expressed himself, at an early date,
 against the validity of the charters. In order to get
 round this obstacle, Lord Onslow and eighteen other
 Governors and Assistants of the Mines Royal pre-
 sented, in January, 1720, a petition, as private indivi-
 duals, for a charter of incorporation, with a fund of
 £1,152,000.

Chetwynd's
 Bubble.
 Dec., 1719.

Meanwhile, on December 22nd, 1719, a new sub-
 scription for the insurance of ships and goods had been
 opened at the Marine Coffee House. The fund pro-
 posed was £2,000,000; but it is characteristic of these
 mammoth subscriptions that no more than £1 per cent.
 was to be paid down; 17s. 6d. in cash, and 2s. 6d. in

thousand guineas.”¹ A Committee was formed; subscriptions were invited from the public; Sheridan, Mrs. Siddons, and Mrs. Jordan organised a benefit at Drury Lane, which cleared £1,300, and, altogether, over £21,000 was raised. Similar funds were opened after the battles of St. Vincent, Camperdown, the Nile, and Copenhagen, and the total amount raised in this way, from 1794 to 1801, as shown by the table below, was over £130,000. In each instance the fund was inaugurated by a substantial contribution from the “gentlemen of Lloyd’s” themselves.²

Year.	Occasion.	Amount raised.	Chairman, &c.	War Funds at Lloyd’s. 1794–1801.
1794	“First of June”	£ 21,282	Angerstein, Ch.; W. Oddy, Merchant Seamen’s office, Secretary.	
1797	St. Vincent	2,615	Angerstein, Ch.; Oddy, Secretary; Fund wound up 1803.	
1797	Camperdown	52,609	Calverley Bewicke, Ch.; Wound up 1804.	
1798	Nile	38,436	Angerstein, Ch.; Thomas White, Secretary. Wound up 1806.	
1801	Copenhagen	15,588	Angerstein, Ch.; White, Secretary. Wound up 1806.	
1801	Saumerez’ action at Algeciras	668	White, Secretary. Wound up 1804.	
1801	Nelson’s attack on Boulogne.	640	Angerstein, Ch.; Wound up 1809.	

These subscriptions were all unofficial, in the sense that no grant in aid was made from the corporate funds of the Society, and the House Committee as such took no part in their management. Indeed, during the first

These funds unofficial.

¹ *Times*, 12 June, 1794.

² The figures in the table are those given by Schomberg in his *Naval Chronology*, Vol. III, p. 620. Other particulars have been collected by Colonel St. Quintin, Secretary of Lloyd’s Patriotic Fund, from contemporary newspapers, and from leaflets bound up with Steel’s *Navy List*. Lloyd’s also co-operated, by opening subscriptions, etc., in several other funds which were not started on their initiative, viz.: the Funds for giving bounties to men joining the Navy (1794), for the families of those killed or dead of disease in the West Indies (1795), for encouraging the capture of French privateers (1796–7), for suppression of the mutiny at the Nore (1797), for the families of the forces in Holland (1799), and in Egypt (1801). For particulars of these funds see Schomberg, *loc. cit.*

CHAP. IX twenty-five years of its existence, Lloyd's possessed no
 1793-1802 public fund large enough to permit substantial grants for charitable purposes. The first such grant of which we have any record was very small, and had a somewhat surprising object. In June, 1785, a draft was

Lloyd's and
 distressed
 haymakers.
 1785.

made out to Tayler in repayment, among other sums, of three guineas, "paid Mr. John Wilson by the order of Mr. Readshaw for Distressed Haymakers." Why Mr. Readshaw (a member of the Committee) considered distressed haymakers as specially entitled to the charity of Lloyd's is a mystery.

First corporate
 grant to war
 funds.
 1798.

By 1798 Lloyd's, as a society, was able to vote £1,000 from its funds to the Voluntary Subscription for National Defence, but that was its sole official contribution to the war funds raised prior to the peace of Amiens. Nevertheless the "First of June," Nile, Copenhagen, and other subscriptions were rightly identified with Lloyd's in the public mind. It was the Subscribers to Lloyd's who took the initiative in raising them, and the ablest and busiest men in the Rooms—men like Angerstein and the great underwriter Thomson Bonar—gave freely of their time and energies to the committees who undertook the arduous task of managing the funds, and tracing those eligible for annuities or donations. The Committee meetings themselves were often held at Lloyd's, and Thomas White, then Second Master, acted as Secretary to several of the funds. Lloyd's, in fact, had come to occupy much the same position that the Mansion House does to-day, and subscriptions started at the "Coffee House" were supported by the Corporation of London, the Bank of England, the City Companies, and banks, insurance offices, mercantile firms, and private individuals all over the country.

The administration of the funds naturally brought the managing Committees into intimate correspondence with the officers commanding ships and fleets,

from whom lists of killed and wounded were obtained, and Nelson's letters to Angerstein afford the most convincing proof how highly their work was valued in the Navy. From aboard the *St. George*, in Kiøge Bay, he wrote on June 15th, 1801, with reference to the Copenhagen fund: CHAP. IX
1793-1802

"I feel—and I am certain every Officer and man in the Fleet does the same—much indebted to the Gentlemen of the Committee for the attention they pay, and trouble they experience, on this occasion. I hope in a few days to have it in my power to pay my respects personally to them."

Nelson's gratitude
to Lloyd's.

"We are all obliged," he wrote on another occasion, "by your humane attention to us Seamen." This identification of himself with the humblest recipient of the Subscribers' bounty is exquisitely characteristic.¹

There is no record, unfortunately, of any visit actually paid by Nelson to Lloyd's; but on November 15th, 1800, he "was upon the Royal Exchange some time,"² and it was probably then that he received, from the hands of the Nile and Copenhagen Committees, two valuable services of plate, portions of which have now come into the possession of the Corporation. It is clear, at any rate, that he retained a feeling of good will not only to the members of the Committees, but to the underwriters as a whole, of whose interests he was mindful through all the stress of his Channel command. In reporting, on September 21st, 1801, the stranding of the brig *Unity* with strong appearance of gross negligence or fraud, he added, "I therefore suggest to their Lordships whether the circumstance should not be made known to Lloyd's Coffee House."³

Presentations
to Nelson.

Presentations of plate, or swords of honour, to officers who had distinguished themselves in action, or in the defence of trade, were frequent at this period. It is pleasant to add that the underwriters at Lloyd's were not unmindful of their debt to merchant cap-

Presentations
to naval and
mercantile
officers.

¹ Nicholas, *The Despatches and Letters of Vice-Admiral Lord Nelson*, IV, 415; V 2.

² *Times*, 17 November, 1800.

³ Nicholas, IV, 493.

CHAP. IX tains who successfully defended their ships against an
 1793-1802 enemy raider. The Corporation has recently acquired a silver tea service presented to Captain Robert Hall, of the Liverpool ship "*Fame*," who beat off a twenty-four gun French corvette in 1804, when on passage from Africa to Demerara. It marks the time that the "cargo" in this case almost certainly consisted of slaves.

Growth of
 corporate spirit
 at Lloyd's.
 1793-1802.

There can be little doubt that the effect of these subscriptions, and of the widespread public interest taken in them, contributed to the growth of a corporate spirit at the Coffee House itself. Even more important in this respect was the direct correspondence between the Committee and the Admiralty, on questions of convoy and naval protection. From being primarily concerned with matters of accommodation and finance the Committee were led insensibly to assume wider and wider responsibilities in relation to the common interests of the underwriters and brokers. In 1796, for instance, they promoted a petition for signature by the Subscribers, in favour of the Bill for Wet Docks and the Improvement of Thames Navigation. The Subscribers themselves became more sensible of their corporate interests, and readier to require attention by the Committee to questions affecting them.

More frequent
 Committee
 meetings.

These wider responsibilities necessitated more frequent Committee meetings. It has already been mentioned that, from 1780 to 1793, inclusive, only eighteen such meetings are recorded in the Minute Book. In 1795 there were fifteen, and although the number fluctuated considerably in later years, the average rose, from 1800 onwards, to a dozen or twenty a year. Moreover, it is clear, from the correspondence entered in the Minute Book, that informal meetings were frequently held to deal with current routine business.

The time was now ripe for a clearer definition of the



The "Fame" Tea Service at Lloyds

Committee's powers and responsibilities, and the first step towards a more formal organisation of Lloyd's as a society, was taken at a General Meeting held on August 17th, 1796, with Brook Watson in the chair. Characteristically enough, it appears to have been an afterthought, the main purpose of the Meeting being the appointment of new Masters. Tayler, it will be remembered, had tendered his resignation in 1795; but he had ultimately continued his tenure of the office in equal partnership with his senior waiter, John Bennett. In June, 1796, he died, and the meeting of August 17th was called for the purpose of making fresh arrangements for the conduct of the House.

Death of
Thos. Tayler.
1796.

This part of the business was settled by continuing Bennett in office, and appointing the next two senior waiters, Edward Trebilcock and Thomas White, as junior Masters, each to receive a quarter of the profits, while Bennett retained his undivided half.¹ The object of appointing three Masters appears to have been to enable one of them to attend regularly, for the purpose of answering enquiries, at each of the two Bars—one in the Coffee Room and one in the Subscribers' Rooms—leaving the third free for general supervision. On Trebilcock's death, however, which occurred in 1799, Bennett and White were permitted to divide his share, on paying £150 (? per annum) to his estate, and no third Master was again appointed until 1811.

Appointment of
three Masters.
1796.

This matter having been comfortably disposed of, and the new Masters lectured on the performance of their duties, the Subscribers present had leisure to think of more important matters, and resolutions were passed that two ordinary General Meetings should be held every year, at Midsummer and Christmas, respectively, and that the Committee should be required to present an annual report and statement of accounts.

Regular General
Meetings instituted.
1796.

¹ The appointment took effect from Christmas, 1796. See letter from Bennett, Trebilcock, and White to the Admiralty, of 30 December, 1796, announcing their appointment, and requesting a continued exchange of intelligence. R.O. Ad 1/3992.

CHAP. IX It is a striking instance of the laxity with which affairs
 1793-1802 had hitherto been conducted, that it was twenty-two
 years after the opening of New Lloyd's at the Royal
 Exchange before this elementary measure of financial
 control was adopted. The demand for regular General
 Meetings and an annual report has still greater signi-
 ficance. Hitherto the corporate activities of Lloyd's
 had been so trifling and intermittent that no annual
 report had been called for because, normally, the
 Committee would have nothing to report. In these re-
 solutions appears, for the first time, the conception of
 Lloyd's as a great public institution, exercising a con-
 tinuous watch over the interests of its members.
 "Lloyd's Coffee House" was giving place to "Lloyd's."

Overcrowding of
 Subscribers' Rooms
 leads to reforms.
 1800.

Four years later, another big stride forward was
 taken, by instituting, for the first time, a qualification
 test for would-be Subscribers. It is again characteris-
 tic that this reform, essential as it was to any real pro-
 gress, was adopted primarily to give relief from a
 practical, every-day inconvenience. The nuisance of
 overcrowding had again become intolerable, and the
 Committee were endeavouring to procure additional
 accommodation; but they had now become convinced
 that no extension of premises would give permanent
 relief, so long as the Masters were obliged to admit as
 a Subscriber anyone—stockbroker, lawyer, tradesman,
 or clerk—who fancied a flutter in marine insurance, or
 desired access to the confidential intelligence, and was
 prepared to pay £15 for the privilege. It was an aggra-
 vation of the evil that any Subscriber was tacitly per-
 mitted, without further payment, to employ an un-
 limited number of substitutes and clerks to do his busi-
 ness in the Rooms.

Having diagnosed the evil, the Committee proceeded
 to find a remedy. Their recommendations were em-
 bodied in a printed report, circulated to all Subscribers,
 and on the basis of this report, a General Meeting of

April 2nd, 1800, with Brook Watson in the chair, passed resolutions that mark an epoch in the history of Lloyd's. CHAP. IX
1793-1802

By these resolutions it was provided that only "Merchants, Bankers, Underwriters, and Insurance Brokers" should, in future, be admitted as Subscribers. This relegation of underwriters to third place on the list requires a word of explanation. Qualification
of Subscribers
defined.
1800.

Lloyd's in 1800 was, as it is to-day, an underwriting institution. The various appeals to non-subscribers, issued between 1774 and 1800, prove beyond all doubt the Committee's intention that the Subscribers' Rooms should be used solely for the purpose of marine insurance. The people circularised were "underwriters and brokers," "persons showing policies," "every person writing in his own name or causing others to write for him." It was a definite subject of complaint by the Committee, in 1800, that some Subscribers used the Rooms for the transaction of non-insurance business. It was as "persons writing in their own names or causing others to write for them" that the "merchants" and "bankers" were admitted, and the distinctive classification of "underwriters" is clearly intended to apply only to those who made the writing of policies, on their own account or as agents for others, their sole business. Lloyd's an
underwriting
institution.

As a further check on the admission of undesirables, it was provided that every candidate must be recommended in writing by six Subscribers at least, and this was interpreted, in practice, as implying formal election by the Committee. Every subscription was to be regarded as strictly personal; partners in a firm must nominate one partner as Subscriber. No Substitute was henceforth to be admitted without payment of a separate entrance fee of £15. Ivory name-tickets—white for Subscribers and red for Substitutes—were to be shown at the doors. A list of Subscribers was to be printed annually. Election of
Subscribers.

CHAP. IX Other resolutions related to the interior arrangement
 1793-1802 of the rooms and the regular posting of the Arrival and Loss Books. They are of interest as showing the growing desire for more efficient organisation and management.

Membership
 doubled in a
 single year.
 1800.

The effect of these reforms was immediate and remarkable. It was not the first time that resolutions had been passed for the exclusion of non-subscribers from the underwriting rooms; but the provision of name-tickets gave the Committee, for the first time, the means of making their intentions effective. Gentlemen who had hitherto evaded payment fell over each other in their haste to pay their subscriptions into the Masters' hands, and by July 30th, 1801, Brook Watson was able to report that 815 new subscriptions had been received. It appears from the first printed List of Subscribers that about 170 of these were in respect of Substitutes; the remainder were from new Subscribers, and they probably doubled the active membership of Lloyd's. Thereafter, the accessions averaged, down to the end of the war, from 150 to 200 a year. The results of this growth in membership and corporate wealth can be traced very distinctly in the increasing activities and influence of Lloyd's during the later years of the war.

CHAPTER X.

LLOYD'S AND THE WAR—

THE SECOND PHASE.

1803-1814.

THE Subscribers to Lloyd's were a much larger, a much more closely knit, and collectively a much wealthier body, when the short-lived Peace of Amiens gave place to a renewal and intensification of the struggle between Great Britain and Napoleon, than they were in 1793. Their influence on the conduct of the war was correspondingly greater, but cannot be fully understood without tracing a little further the development of Lloyd's itself.

Even in mere size the progress of the Society was remarkable. A large room, hitherto occupied by the Commissioners of Stamps, had been acquired, and opened as a new Subscribers' Room in November, 1802, and the premises now ran the whole length of the North front of the Royal Exchange, occupying nearly four times the original floor space. The old Subscribers' Room was turned into an additional Coffee Room, the Coffee Room of 1774 being devoted chiefly to ship sales and the display of shipping advertisements. The extensions of 1786, 1791, and 1802 provided three Subscribers' Rooms, communicating with each other, and all devoted strictly to business purposes. From the first of these a Lobby had been cut off, communicating with the Coffee Room, and appropriated to the use of non-subscribers having business with Subscribers. Between this Lobby and the first Subscription Room was the Bar, where the Senior Master attended to answer enquiries and distribute information.¹

More rooms
and larger.
1774-1802.

1 Sale Room	...	...	Opened 1774	55' 2"	× 15' 6"	× 17' 6"	=ca	855 sq. ft.
Coffee Room	...	...	" 1774	48' 8"	× 20' 0"	× 20' 3"	=ca	973 "
Lobby	...	...	" 1786	20' 0"	× 19' 5"	× 18' 8"	=ca	1,450 "
First Subscribers' Room	}	...	" 1791	54' 8"	× 21' 0"	× 19' 1"	=ca	1,788 "
Second	"	...	" 1802	85' 2"	× 20' 0"	× 18' 7"	=ca	1,235 "
Inner	"	...	"	61' 9"	× 20' 0"	× 18' 7"	=ca	1,235 "

Total area, exclusive of Kitchen and Committee Rooms=ca 6,301 sq. ft.

CHAP. X The Rooms were still uncomfortably crowded. Giving evidence before the Insurance Committee of 1810, 1803-1814 John Bennett, Jr., stated that there were between 1,400 and 1,500 Subscribers then living, of whom probably two-thirds were regular or occasional underwriters, and that about 1,300 persons in all paid an annual subscription to the Masters, as frequenters of the Coffee House. Although the boxes had been enlarged to seat six, instead of four as at first,¹ it was quite impossible to find fixed seats for all those who did business in the Rooms.

"Between four and five hundred take their seats every day, and there are many who have not their fixed seats, but walk about and take seats as may be convenient."

In fact, many persons were obliged to write policies while standing about in the Rooms.

Underwriting specialists.

From Angerstein's evidence it appears that, while the underwriter was already expert at "mixing" his risks, "so that if there is a storm at one place, he is safe at another," certain boxes were tacitly appropriated to those with special interests and experience in particular trades:

"If I have a cross risk to make, if it is from America, I go to a box where there are Americans to give me information; if I have a cross risk from Turkey, I go to another box where I can get information; and so it is from the Baltic or any other part. I generally go to the box or the people whom I think best conversant, for they are the people who can begin the policy for me better than others, and I can by that means get it done."

Insurances on slaves.

One special class of risks will appear strange to present-day underwriters, and was already frowned upon by the legislature. Slaves, like any other commodity, were the subject matter of insurance, and this had given rise to some remarkable decisions of the jurists, such as that quoted by Weskett, to the effect that if a slave "destroys himself through despair, which often happens," it must be regarded as a natural death; and to such curious provisions as the marginal clause in a

¹ This appears from Angerstein's evidence.

policy of 1794, here reproduced: "Free from particular average by insurrection under 5 per cent." So early as 1788 the growing influence of the Anti-Slavery Party was reflected in an Act rendering void all insurances on slaves, against any risk other than, "the Perils of the Sea, Piracy, Insurrection, or Capture by the King's Enemies, Barratry of the Master and Crew and Destruction by Fire." An Act of 1799 was more explicit, and a heavier blow to the traffic, for it provided that: "No Loss or Damage shall hereafter be recoverable on Account of the Mortality of Slaves by natural Death, or ill Treatment, or against Loss by throwing overboard of Slaves on any Account whatsoever," or restraints and detainments of princes and people of Africa, caused "through any Aggression for the Purpose of procuring Slaves." Finally, the Acts of 1806 and 1811, abolishing the slave trade, definitely prohibited, under heavy penalties, the insurance of slaves or slave ships, although some of the underwriters contended, in opposition to the views of the African Institution, that this did not cover insurances on slavers under a foreign flag.¹

CHAP. X
1803-1814

Jettison of
slaves not
recoverable.

Non-marine risks were confined mainly to the wager policies which no legislation had been able entirely to eradicate, and Lloyd's still possesses a policy, effected in 1813, on the life and liberty of Napoleon; but cover against fire was at least occasionally provided. Relton, the historian of fire insurance, believed that insurance against fires in the West Indies had been done at Lloyd's Coffee House from a very early date,² and there is definite evidence of one large transaction in fire business at home, for when the Albion Mills were burnt down in 1791, they were covered at Lloyd's to the amount of £20,000.³

Policy on life
and liberty of
Napoleon.
1813.

A fire risk
at Lloyd's
in 1791.

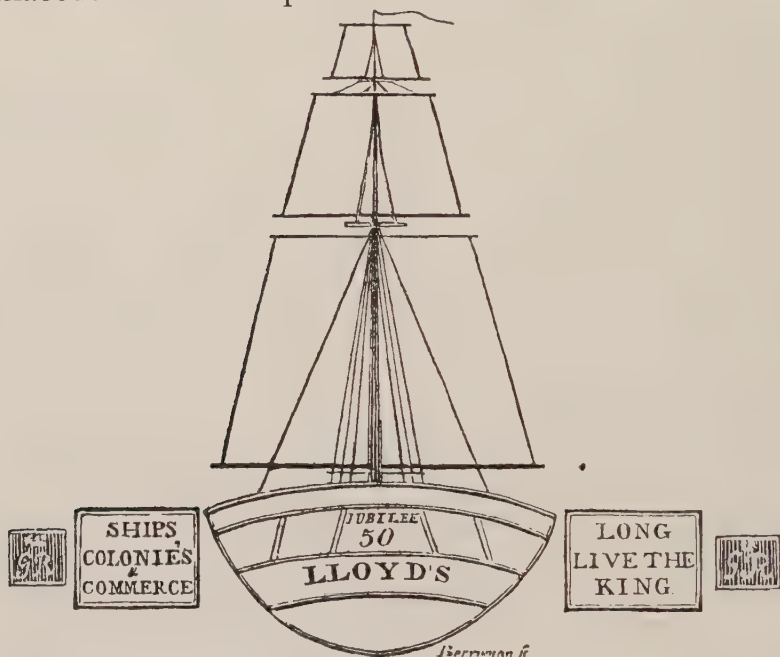
Overcrowded, stuffy, and dingy as the Rooms would seem to-day, they were the home of an institution that

¹ Weskett, *Digest*, 525, citing *Valin's Commentaries*, 55; Statutes 28 Geo. III, c. 54; 39 Geo. III, c. 80; 46 Geo. III, c. 52; 51 Geo. III, c. 23.

² *Account of the Fire Insurance Companies*, pp. 183-4.

³ Ackermann, *Microcosm of London*, reprint of 1904, II, 37.

CHAP. X filled, every year, a more prominent place in the public estimation. It was not for nothing that the fiery outline of the good ship "Lloyd's," which faced Bartholomew Lane on the Jubilee night of George III, was the one illumination that stimulated the *Times* to the unaccustomed enterprise of illustration.¹



ILLUMINATION AT LLOYD'S, 1809.

This increasing public reputation was due, in the main, to two factors—the growth of the intelligence system, and the splendid lead given by the Subscribers to patriotic liberality. The former of these developments was closely connected with a new step forward in the organisation of the Society.

A defect in organisation.

The reforms of August, 1800, important as they were, had left one great defect unremedied; there was still no proper provision for the secretarial work of the establishment. The collection and distribution of intelligence remained in the hands of the Masters, and the

¹ *Times*, 26 October, 1809.

routine correspondence with the Admiralty continued to be signed by Messrs. Bennett and White, as Masters of Lloyd's Coffee House. Communications of special importance, more especially when it was a matter of requesting, or suggesting, official action, were generally signed by all members of the Committee who happened to be in attendance, and, from 1794 onwards, even letters conveying intelligence were frequently sent in the name or by order of the Committee.

CHAP. X
1803-1814

In practice these arrangements worked well enough for a time; but it was hardly in keeping with the status Lloyd's had acquired as a great public institution that it should have no regular secretary other than the Master of a Coffee House, and as the official business of the establishment grew in volume, it must have been increasingly difficult for the Masters, with the affairs of the coffee-house on their hands, to give it punctual and adequate attention.

So early as August, 1796, a suggestion had been made, apparently by Angerstein, that a Secretary should be appointed, and should have the management of all correspondence.¹ Indeed, the Committee actually resolved that:

Appointment
of Secretary
suggested.
1796.

"The nature and extent of the Business of the Subscribers of Lloyd's, requires that there should be a Secretary to the Committee separate from, and independent of the Mastership of the House, to whom through the Master, all articles of Intelligence shall be conveyed, and under whose Authority subject to the control of the Committee all information should be regulated for Publication."

The appointment was also to be recommended to the Subscribers on the ground that it would be of great advantage in dealing with Government Departments.

After this, it is surprising to find that the minutes of the General Meeting on August 17th, 1796, contain no reference to the proposal. It may be that the Subscribers jibbed at the expense. It may have been re-

¹ The minute is partially illegible through fire damage. It runs: ". . . tein as to the propriety of having a Secr . . . to the Committee" &c.

CHAP. X guarded as an unmerited slight on the Masters, or introducing an awkward system of dual control. There is not a word to suggest that it was even discussed.

Earl Camden
declines to
correspond with
Lloyd's "waiters."
1804.

So matters went on until 1804, when Earl Camden, Secretary of State for the War Department and Colonies, declined, in the best official manner, and with some slight perversion of the facts, "to enter into epistolary intercourse with the waiters of Lloyd's Coffee House."¹ The expression seems to have rankled, for the minutes are silent on the episode; but on August 14th there is a curt note in the Committee Minutes:

John Bennett as
first Secretary
of Lloyd's.
1804.

"Order'd that all Letters &c on the Business of the Committee, be signed by John Bennett Junr. as Secretary."

No salary was attached to the post, and the appointment was apparently intended as a mere matter of form; but the Committee builded better than they knew, for John Bennett, Junr., was to leave a very definite mark on the development of Lloyd's.

A son of the senior Master, he was at this time about twenty-six years of age. An active, intelligent young man, with a head for figures, he assisted his father by keeping the accounts of the establishment,² and his subsequent career shows that he had conceived an almost romantic devotion to the great institution under whose shadow he had grown up. He was too zealous, and too ambitious, to remain content with merely clerical duties, and from the date of his appointment he set himself, with untiring energy, to re-model and extend the system of shipping intelligence.

This, in 1804, had two divisions. In the first place there were the port letters received by the Masters under the old arrangement with the Post Office. These were now received gratuitously. In 1788, Tayler had complained that, owing to the earlier delivery of let-

¹ Martin, pp. 278-9. The original letter has disappeared and there is now no copy in the departmental correspondence at the Record Office.

² See his evidence before the Select Committee of 1810.

ters, the special privileges enjoyed by Lloyd's Coffee House were no longer worth £200 a year, and the Commissioners on Fees and Gratuities of Public Offices recommended a reduction of the payment to £100, to go into the General Fund of the Post Office; but the Post Masters General considered it to be "unbecoming the dignity of a Post Office to accept such a payment from the Master of a Coffee-house for no reason," and in 1791 the payment was wholly abolished, on the ground that the facilities were for the public interest.¹

CHAP. X
1803-1814

Payment to
Post Office
abolished.
1791.

In addition to the port letters, and advices sent in by occasional correspondents, the Masters now procured a certain amount of supplementary intelligence at the cost of the Committee. This included the Convoy and License Lists from the Admiralty; certain returns sent in by the East India House clerks (did Charles Lamb receive his share of the annual gratuity?), a special "Poole letter," and shipping lists from one or two important ports abroad, such as Elsinore (the Sound List), Ostend, and Gibraltar. The total cost was about £100 a year. The shipping lists, like the port letters, were franked by the Post Office.

Arrangements
for shipping
intelligence.

The supervision of the whole was still in the hands of the Masters, but as Bennett Senior was usually tied by his duties to the Bar of the Subscribers' Room, the copying and posting of the intelligence gradually devolved on White, the Junior Master, and on the newly appointed Secretary to the Committee. Young Bennett, in particular, took exclusive charge of the Loss and Convoy Books; but the punctual discharge of his routine duties was the least of his activities. Valuable as were the existing sources of intelligence, they were not sufficient for the requirements of Lloyd's at a time when prompt and accurate shipping news became

¹ *Tenth Report of the Commissioners on Fees*: H.C. Reports, 1806, VII, 789, 799; *Seventh Report from the Select Committee on Finance*, H.C. Reports, First Series, XII, 197; *5th Rep., Comms. of P.O. Enquiry*, 1837, Appx. 8.

CHAP. X more important every year, and the new Secretary set
 1803-1814 himself to open up new channels, by entering into a private and confidential correspondence with persons at home and abroad, who were likely to supply valuable information. It may have helped him that his family had naval connections—he had a half brother, or brother-in-law, Captain Lewis Shephard, R.N.¹ At any rate, one of his most valuable correspondents was the Secretary to Admiral Saumarez, then commanding in the Baltic, and the arrangement met with the full approval of the Admiral.

John Bennett develops the intelligence system.

Information received was collated, digested, and prepared for publication or posting by Bennett himself, in consultation with members of the Committee. It was paid for, when payment was required, from the public fund, and the result of Bennett's initiative was soon seen in a very wide development of the intelligence at Lloyd's. New correspondents were appointed at such places as Barbadoes and the Cape, as well as at various European ports; shipping lists and newspapers were regularly received from India, the West Indies, and the United States, and the Committee's total expenditure under this head went up to over £500 a year. Trifling as this sum may seem to-day, it procured for Lloyd's a volume of intelligence which, in extent, variety, accuracy, and freshness, no other commercial or official institution could equal.²

Lloyd's an agency for ship news to the public.

This intelligence was shared, so far as possible, with the public. The Books and Notice Boards in the Subscribers' Rooms naturally contained much confidential information; but the port letters, and all other intelligence that could properly be broadcast were regularly posted in the public Coffee Room, and a strong

¹ See his letter of 29 October, 1804, asking two days' leave for "my Brother Capt. Shephard" (of H.M.S. *Thisbe*), R.O. Ad 1/3992. Marshall's *Naval Biography* shows that Shephard was promoted Commander in 1802. and attained post rank in 1810.

² The fact that these developments were mainly due to Bennett's own initiative is conclusively proved by the Reports of two Committees of investigation appointed in 1811 (See Chapter XII *post*).

insurance or trading losses, the assured, in the event of a loss, could claim only the same dividend as any other creditor.

CHAP. III
1713-1768

From 1720 onwards all this was changed. No member of a mercantile firm could write on the firm's account without exposing himself to heavy penalties. If he accepted a risk on his own account, the premiums must be appropriated to his personal estate, and kept entirely separate from the partnership funds. In the event of a loss under a policy, the whole of his accumulated and outstanding premiums were available to satisfy the assured. If the firm failed in business, only the surplus of the premium account, after all losses had been paid in full, became available, as part of his personal estate, for the creditors of the firm. In striving to safeguard the monopoly of the two Corporations against unauthorised societies, the legislature had, unwittingly, enunciated the gospel of nineteenth century Lloyd's—"each for himself and not one for another."

Effects of Bubble
Act on under-
writing.

The security thus given to the assured was increased by the fact that, by underwriting custom in the eighteenth century, while losses must be paid within a month of settlement, premiums could not be collected until after the expiration of the year; so that the underwriter had always capital advanced and locked up, available as security to the assured, but not responsible for any trading debts of his firm. It frequently happened, therefore, that the personal estate of an underwriter belonging to a bankrupt firm paid his assured in full, while the partnership estate paid only a negligible dividend.¹

This had two effects. It increased, incalculably, the security offered to the assured by the private underwriter, and it tended to hasten the development of underwriting as a specialised business, carried on by

¹ See evidence in the *Report from the Select Committee on Marine Insurance*, 1810, and *Observations on the Report of the Committee*, by Joseph Marryat, reprinted for Lloyd's in 1824.

CHAP. III persons who made it their chief, though not necessarily their sole concern.
1713-1768

Lloyd's Coffee House as the centre of underwriting.

In order, however, to make head against the competition of the Royal Exchange, and London Assurance, it was necessary for the private insurers to offer equal facilities as well as equal security. The nuisance of being obliged to "pick up the Insurers here and there" was so obvious that, when once attention had been drawn to it, the underwriters and brokers were bound to find a remedy. It was clearly necessary for them to settle upon some recognised headquarters, and where better could they turn than to Lloyd's Coffee House, with its extensive mercantile and shipping connection? Many of the private insurers were, no doubt, already frequenters of Lloyd's, and once the need for centralisation was realised, their presence would attract other customers of the same class. There was no question, as yet, of any formal association; nor had Lloyd's a monopoly of the business. Indeed, down to the end of the century there were many merchants who continued to write policies at other coffee-houses or at their own offices.¹ It is nevertheless clear that, from this time onwards, the business of Lloyd's Coffee House acquired a more and more specialised character, and that, by the middle of the eighteenth century, the influence of its frequenters dominated the world of marine insurance.

Thus strengthened in their position, the private underwriters do not seem to have found the competition of the two Corporations particularly formidable. The financial troubles from which both companies suffered in their early years disabled them from carrying on an effective rate-cutting policy, and they probably found some difficulty in procuring experienced underwriters to act as managers. At any rate, they soon turned their chief attention to working up the fire

¹ Report of 1810. Evidence of Angerstein.

and life side of their business, and at no time, probably, did they do more than about ten per cent. of the marine insurance carried on in London.

CHAP. III
1713-1768

It was in the year 1734 that the new position of Lloyd's Coffee House in the commercial life of the City first found tangible expression. In the meantime, it had survived, without changing its name, more than one change of ownership since the death of Edward Lloyd.

Changes in
ownership
of Lloyd's
Coffee House.

Lloyd, as has been seen, had left the lease of the house to his son-in-law, William Newton; but the latter did not long enjoy his new position as Master, for on August 17th, 1714, he was buried in the "middle aisle" of St. Mary Woolnoth. His death appears to have been somewhat sudden, for he left no will; but on August 26th, administration of his goods was granted to his widow.¹ There were no children of the marriage, and Handy Newton, only twenty-one years of age, was not long in transferring her affections, and the business, to a second husband. It will be remembered that in 1710 one Samuel Sheppard, a haberdasher, was the occupant of the shop on the ground floor of No. 16, Lombard Street. Here he had ample opportunity of making acquaintance with Handy Lloyd. It is even possible that he and Newton had been rivals; Edward Lloyd himself would doubtless favour as a son-in-law, his assistant and intended successor in the business. However this may be, a License was issued on April 16th, 1715, only eight months after Newton's death, for the marriage of Samuel Sheppard, a bachelor "above 27 years," of the parish of St. Mary Woolnoth, and Handy Newton, widow, of the same parish.

Death of Wm.
Newton.
1714.

Samuel
Sheppard
as Master.
1715.

¹ Guildhall MS., 1003, St. Mary Woolnoth and St. Mary Woolchurch Haw, Churchwardens' Accounts. In the Transcript of the Registers, the name is wrongly transcribed as "Newboll" (p. 282), and it is indexed as "Newbold"; but the Churchwardens' Accounts and the Register of Administrations establish the identity beyond any possibility of error.

CHAP. III His married happiness was not of long duration, for
 1713-1768 on June 9th, 1720, Handy Shephard (the two forms are interchangeable at this period) was buried in St. Mary Woolnoth; but her second husband continued to carry on the business, and appears in deeds of August 6th, 1720, and June 21st, 1722, as the tenant of Lloyd's Coffee House. He survived his wife, however, less than seven years, being buried in St. Mary Woolnoth on February 4th, 1727. Two years later, on February 13th, 1729, administration of his estate was granted to his sister Elizabeth, the wife of Thomas Jemson.¹

Thomas Jemson as
 Master of Lloyd's.
 1728.

Mr. Thomas Jemson, who was a member of the Shipwrights' Company, though not necessarily a practising shipwright, is a person of real importance in the history of Lloyd's. Whatever his previous business may have been, he found it more profitable to devote himself, henceforth, to the affairs of the Coffee House, which he took over very soon after his brother-in-law's death; for he makes his appearance in the Vestry Minutes of St. Mary Woolnoth in April, 1728. As Master of Lloyd's Coffee House he was concerned, in the same year, in a remarkable scheme which bore unexpected fruit a few years later.

The Coffee-Men
 attack the News-
 writers.
 1728.

This scheme of 1728 is fully described in a very amusing little pamphlet entitled *The Case of the Coffee-Men of London and Westminster. Or, an Account of the Impositions and Abuses put upon Them and the whole Town, by the present Set of News-Writers*. The complaint of the Coffee-Men was that they were practically compelled to take in, at great expense, every newspaper published, that almost everything of value in the newspapers was gathered at the coffee-houses; but that the bulk of the news was distorted or imagi-

¹ The deeds referred to are recited in an Abstract of Title in the possession of Messrs. Coutts. They relate to the eight houses built by Thomas Bowes, and from comparison with earlier and later lists, the house occupied by each tenant can be clearly identified. For the burials of Handy and Samuel Sheppard, see *Transcript*, p. 286 (wrongly indexed as 280) and Guildhall MS. 1002, Churchwardens' Accounts of St. Mary Woolnoth.

nary. The writer, "a Coffee-Man," describes, with much humour and sarcasm, the way in which news writers forced themselves into the company at coffee-houses in the hope of overhearing conversations; with the result that they were invariably detected, and "some rouzing Falshood is utter'd in their Hearing for a Truth; which the next Day comes out, upon *Credible Information*, to the great Wonder and Edification of the whole Town . . . Earthquakes and Inundations [have] done incredible Damage in Places where they never happen'd."

CHAP. III
1713-1768

He points out further that the advertisements, which yielded the proprietors of the *Daily Post*, for example, as much as Three Pounds Fifteen Shillings on a good day, derived their whole value from the coffee-house circulation of the papers. The proprietors were paid on both hands: "paid by the *Advertisers* for taking in *Advertisements*; and paid by the Coffee-Men for delivering them out: which (to make use of a homely Comparison) is to have a good Dinner every Day, and be paid for Eating it. *Here's Luck, My Lads!*"

In these circumstances, a number of the Coffee-Men had resolved to set up two opposition papers of their own; one a morning and the other an evening journal, with news gathered at all the houses subscribing to the scheme. A committee of eleven "Managers" was appointed, among whom was Thomas Jemson of Lloyd's Coffee House. The leading Manager seems to have been William Fielder, of John's, Sheer Lane, but it is clear that some at least of the committee meetings were held at Lloyd's.

In reply to the Coffee-Men's attack, the Newswriters brought out, "*The Case between the Proprietors of News Papers, and the Coffee-Men of London and Westminster fairly Stated*"—a scurrilous little pamphlet with very little about its alleged subject. The main line of defence was the cynical argument that "these plodding

The Newswriters'
Reply.

CHAP. III Fellows" proposed to print only ascertained facts—
 1713-1768 but—who wants to read the truth? No doubt the
 Newswriters could afford to laugh at the scheme. It
 was not impracticable in itself; for a journal much above
 the average of that day could have been compiled by
 any industrious hack from the pooled intelligence of
 the coffee-houses; but the scheme would have required
 much more cohesion than actually existed among the
 Coffee-Men, and a large measure of co-operation by
 their customers, from whom the intelligence was to be
 obtained. At a meeting at Tom's in Wood Street, on
 November 30th, 1728, Fielder had been obliged to
 confess that the number of Subscribers fell far short of
 the three hundred originally proposed, and it is evident
 that the proposals never came to any practical issue.

Thos. Jemson and
 'Lloyd's List.'

There can be very little doubt that it was this abortive
 scheme which suggested to Thomas Jemson, or led
 his patrons to suggest to him, a few years later, the de-
 sirability of setting up a paper of his own; not like
Lloyd's News, or the Coffee-Men's projected publica-
 tions, a general newspaper entering into competition
 with the existing journals, but a specialised business
 paper, containing the news most required by the cus-
 tomers of Lloyd's Coffee House—the current shipping
 intelligence.

Under the management of Newton and Sheppard,
 Lloyd's Coffee House had fully maintained its posi-
 tion, and the advertisements suggest that its business
 was becoming more and more specialised. There seem
 to have been weekly sales for ships, supplemented by
 others as occasion arose, and the leading ship-brokers
 were in daily attendance. Samuel Eyre, for instance,
 who put up ten ships for sale in the single month of
 March, 1719, was "to be spoke with every day at Ex-
 change Time, on the Spanish Walk, or before and after
 at Lloyd's Coffee-house." Samuel Brooks, Abraham
 Coleman, and Joseph Watkins—all large advertisers

during 1734—divided their time between Sam's "next CHAP. III the Custom House" in the morning, and Lloyd's in the 1713-1768 afternoon.¹

The sale of ships was no longer the only distinctive feature in the business; but the gradual rise into prominence of the underwriting element at Lloyd's Coffee House has left scarcely a trace in the books, pamphlets, or newspapers of the time. It is all the more important that the one piece of evidence that has come down to us should be clear and unmistakeable; for there can be no reasonable doubt that it was the demand of the underwriters for shipping intelligence that led, in 1734, to the establishment of *Lloyd's List*.

'Lloyd's List'
established.
1734.

It is probable, as will be seen below, that Thomas Jemson had died a few weeks before the first number of *Lloyd's List* actually appeared; but the preliminary negotiations and arrangements must have occupied several months at least, and while the first suggestion for the paper is likely enough to have come from the underwriters themselves, Jemson's enterprise in adopting it renders his name well worthy of rescue from the oblivion in which it has lain so long.

Before proceeding to the discussion of *Lloyd's List* itself, it will be convenient to follow Thomas Jemson to his grave, and to introduce his successor, by whom the paper was carried on and developed.

Jemson himself was buried in St. Mary Woolnoth on February 15th, 1734.² From his will we learn that he was still living in Lloyd's Coffee House, and that the living rooms contained an apartment called the "Red Room," the furniture of which he left to a sister. The bulk of his property was left to his young son, Samuel. Mrs. Jemson, who was appointed executrix and guar-

Death of Jemson.
Feb., 1734.

¹ Advertisements in the *Daily Courant* for March, 1719 (this paper uses the new style in its dates) show that there were sales of ships on the 4th, 11th, 18th, 19th, 20th and 25th of that month. For advertisements by Brooks, Coleman, and Watkins, see the *Daily Journal* of 1734, *passim*.

² Guildhall MS. 1002.

CHAP. III dian, renounced probate, as did two alternative execu-
 1713-1768 tors, and a grant of administration, with will annexed,
 was made on March 26th to "Rebecca Sheppard,
 Spinster, the executrix or guardian lawfully assigned
 to Samuel Jemson a minor." From her, the house
 passed in 1738 to her nephew Richard Baker, who may
 very possibly have been managing it for her mean-
 while, in the interests of the infant, and have pur-
 chased it in 1738 by a family arrangement.¹ If so, a
 most important part of his duty was to superintend the
 launching of *Lloyd's List*.

Richd. Baker as
 Master of Lloyd's.
 1738.

Evidence for
 the date of
 'Lloyd's List.'

The date 1734 is clearly established for the first ap-
 pearance of *Lloyd's List* by the report of a special Sub-
 Committee of Lloyd's, appointed in 1837 to consider
 improvements in the method of publication. This re-
 port, dated June 21st, 1837, states explicitly "*Lloyd's*
List . . . has existed 103 years, and during the whole
 of that long period it has been considered the most cor-
 rect, authentic, and official document of the kind."

Unfortunately, the earliest issue of the paper that has
 come down to us is that for "Friday, January 2, 1740"
 —that is to say, 1741 by modern reckoning. This issue
 is numbered 560 and carries, immediately under the
 title, the following notice :

"This List, which was formerly publish'd once a Week, will now con-
 tinue to be publish'd every *Tuesday* and *Friday*, with the Addition of
 the Stocks, Course of Exchange, &c—Subscriptions are taken in at
 Three Shillings per Quarter, at the Bar of *Lloyd's Coffee-House* in
Lombard Street. Such Gentlemen as are willing to encourage this
 Undertaking, shall have them carefully deliver'd according to their
 Directions."

This notice continued to appear at the head of every
 issue until the end of the year 1755—a fact overlooked
 by those who assumed that it was first inserted in

¹ Richard Baker's will was proved by his Aunt, "Rebecca Sheppard, Spinster." In the Guildhall MS. 1008, "Names of Inhabitants of St. Mary Woolnoth," he is entered as becoming a householder at Christmas, 1738. His wife, Martha, may perhaps be the Martha Sheppard who was granted, on February 14th, 1738, administration of the estate of her brother, Thomas Sheppard of St. Mary Woolnoth; but there is no definite proof of this, or of any relationship between Thomas and Samuel Sheppard.

Blidford
 Liverpool
 ditto
 Dublin
 Limerick
 Gottensburg
 Madeira
 Arrived from
 Lisbon
 Faro
 Antigua
 Chester
 ditto
 Barbadoes
 St. Kitts
 New-York
 Remain for
 East India

3 per Cent. 3
 Annuity - 3
 Million Bank
 Equivalent -
 R. Aff. 100
 L: Aff. 131
 7 per Cent Em
 5 per Cent. L
 Bank Circulat
 Lottery Ticke

India Transfer
 Royal Assurance
 South Sea New
 and 22d of Januar
 South Sea Stock
 The 5 per Cent
 rest of 2 and a qua
 paid of both, are
 The India Divi
 ities the 29th ditto
 Navy and Victu

—Interest per
 3 India Bonds

4 Salt Tallies

27 Cleave

Mary
 Dartmouth
 28 Gree
 Faulk
 30 Port

Merc
 Pool —
 27 Watf
 Rain
 Patie
 29 Betfy
 31 Agnes
 Wm.
 Comes
 29 Brunf
 Carte
 Nich

St. N
 Conce
 Hellen
 Dispat
 Two

Nept
 D. of
 Londe
 Mary
 Courham
 30 Sarah,
 Exped

Martle
 Portsmouth

30 Apollo
 Britan
 Entery
 Mahor
 Gould
 Sober —
 31 Cartill

Race	London
(Galley, Cross	Sailed for
th)	Gibraltar
awich, —	Arrived from
er, —	London
Merch. Wallis	N. foundland
	Lisbon
urius, Waddle	Came in for
	Lisbon
	Arrived from
ns Adv. Watton	Lisbon
ow, Skold	ditto
nce, Bowles	ditto
Addis	Carolina
& Mary, Pottle	N. foundland
& Thomas, Lander	London
	Arrived from
wick, Payne	Carolina
r, Cork	Alderney
las, Hains	Cherburgh
	Came in for
icholas, Vessier	Callais
rdia, Trock	Hamburg
na, Guillaume	Carolina
ch, Wallace	Dublin
Maries, Gordon	Southton
	Sailed for
me, Stevens	Holland
Berwick, Basset	ditto
n, Bourleigh	ditto
gold, Joy	ditto
pton —	arrived from
Withall	Oporto
ition Packet	Guernsey
	Sailed for
et, Martin	Amsterdam
th) —	Arrived from
	Came in for
, Brown	Jamaica
nia, Tremble	ditto
orize, Wood	Barbadoes
ie, Stamper	Gibraltar
Hudson	Carolina
	arrived from
e, Jefferson	Whitehaven

A Dutch Ship	Guiney
London, Pipon	Gibraltar
Concord, Spilman	Carolina
Ann, Watton	Maryland
Swallow, Hutchinson	Philadelphia
Praleda, Herbert	Cork
Minabilla, Blake	Lisbon
Ann, Eb'worthy	Guiney
Oliver, Pain	Gibraltar
Nassau, Spilman	Falmouth
Hannah, Kilpatrick	Portsmouth
Paradox, Righton	St. Kitts

Winds at Deal.

30 SW 31 W 1 NW

Dublin —	arrived from
Providence, Steward	London
Edw. & Mary, Littler	ditto
Eagle,	ditto
Cork —	Arrived from
15 Martha, Purkess	Southton
Jane & Betty, Jackson	Carolina
William, Hgat	Isle of Man
Margaret, Robinson	Dublin
17 Hibernia, Comerford	Bristol
18 St. Louis, Evans	Bourdeaux
19 Richard, Crowley	Dublin
Swift, Denroach	Bristol
20 Success, Allen	Ostend
Mary, Phelan	Waterford
Mary & Betty, M'Goran	Leverpool
Success, Wadmore	Southton
21 Nestor, Morestin	Hav
Diligence, Milican	Isle of Man
Henry, Richardson	Portsmouth
Margaret, Bryon	Bruges
Two Janes, Portivere	Dublin
3 Brothers, Webb	Bristol
	Sailed bound for
16 Kath. & Dorothy, Simmonds	Bourd.
18 Brereton, Hammand	Jamaica
19 Lyme Man, of War	a Cruize

January, 1741, and sought, accordingly, to fix the date CHAP. III by calculating back from No. 560, at the rate of 52 1713-1768 numbers a year.

On the assumption that the first issue of 1734 was published early in the year, the change to bi-weekly publication must have taken place at the beginning of 1737, when the paper had been three years established.¹ The days of publication—Tuesday and Friday—were probably chosen because it was on those nights that the foreign mails were despatched.

From the wording of the notice, it would appear that, during the first three years of its existence, the List contained nothing but shipping intelligence, and that its other features, such as the price of stocks, were only added in 1737. It was, in any event, the ship news that gave *Lloyd's List* its real significance.

Contents of
'Lloyd's List.'

To the underwriter, even more than to the merchant and shipowner, prompt intelligence of arrivals, departures, and casualties was of vital importance. As the volume of underwriting business at Lloyd's increased, it must early have become apparent that more complete and systematic intelligence was needed than could be provided by pooling the correspondence received by individual frequenters of the house. There was no difficulty in finding correspondents at the ports who, for a small consideration, would send in regular lists of vessels arrived, and notes of any disasters reported—the editors of the eighteenth century newspapers and the writers of the news letters all had their "own correspondents." Postage, however, was a serious matter in days when a single sheet was charged 4*d.*, a double sheet 8*d.*, and an ounce 1*s.* 4*d.* for any distance

¹ It seems probable that publication began in April, 1734, the first month of the official year. This would fit in with the numbering of the earliest extant issue.

9 months, 1734, at 52 issues per annum	...	...	...	40
Two years, 1735-6, at 52 issues per annum	...	...	...	104
Four years, 1737-40, at 104 issues per annum	...	...	...	416
				<u>560</u>

No. 560, as mentioned above, was actually the issue for January 2nd, 1741.

CHAP. III over 80 miles from London, and fifty per cent. added to
 1713-1768 this charge for letters from Edinburgh or Dublin, and regular despatches from a large number of ports would soon eat away the profits of a trade journal with a necessarily small circulation. The only way to overcome this difficulty was to effect an arrangement with the Post Office officials, who looked to perquisites, rather than to salaries, for the greater part of their remuneration.

Arrangements
 with Post Office
 for ship news.

Such an arrangement may, of course, have been made even before 1734, when it was decided to print the intelligence received. The Post Office records, unfortunately, show neither the date of the original arrangement, nor its character, nor by whom it was made. All their evidence refers to a later period, when Lloyd's Coffee House had developed into something more like the Lloyd's of to-day. Even then, however, *Lloyd's List* was carried on by the Masters for their own profit, and there is no reason to think that the arrangements differed in any essential from those in force in 1734.

What is certain is that, in 1788, Lloyd's Coffee House had correspondents at the principal British and Irish ports, who sent in regularly lists of arrivals, sailings, and casualties, addressed to the Post Master General with the word "Lloyd's" in the corner. These lists, being addressed to the Post Master General, were entirely free of postage, and immediately on the arrival of the mails, the lists were opened and handed to a messenger sent by the Master of the Coffee House, who thus received them several hours before the ordinary delivery of the letters. In return for this free transmission and early delivery, the Master paid the sum of £200 a year, which was evenly divided between the Secretary of the Post Office and the Comptroller General of the Inland Department.¹

¹ *Tenth Report of the Commissioners on Fees, Gratuities, &c. of Public Offices*, 30 June, 1788, H. C. Reports, 1806, VII, 761, 764, 789, 799, 810; letters Freeling (Secretary of Post Office) to P.M.G. 18 November and 2 December, 1792; *Eighth Report of the Commissioners appointed to enquire into the Management of the Post Office Department*, 1837, Appendix 12.

In a letter written by the Secretary of the Post Office in 1792, there is a list of persons who “correspond with Lloyd’s Coffee House,” comprising thirty-two names and twenty-eight ports. In 1734 the number of regular correspondents was certainly smaller and the annual payment, in all probability, proportionately less. Nevertheless the concession was of the utmost value; the more so because the privileges were of an exclusive character, giving Lloyd’s Coffee House a practical monopoly of complete and up-to-date shipping intelligence. This monopoly, however, was not granted without consideration of the public interest. Although the annual payment made by the Master was a perquisite of the Post Office officials, the arrangement required the sanction of the Post Master General, and such sanction appears to have been given on the understanding that the information contained in the shipping lists should be available to the public at large. Not only was *Lloyd’s List* procurable by anyone who was willing to subscribe twelve shillings a year, but the lists themselves were posted at the coffee-house, and open to public inspection. The whole body of traders, shipowners, and underwriters benefited by the intelligence received; the Master of Lloyd’s reaped a sufficient return for his outlay in the custom of those who flocked to his coffee-house for an early perusal of the news, and in the magnificent advertisement given to it by *Lloyd’s List*.¹

CHAP. III
1713–1768

Correspondents
of Lloyd’s, 1734
and 1792.

The earlier issues of *Lloyd’s List* are very poorly represented in the great collection of newspapers at the British Museum, but the blank is fortunately filled by the file at Lloyd’s, which begins, as has been said, with the volume for 1741, and from this date lacks only those of 1742, 1743, and 1756.

At this time, and for many years afterwards, *Lloyd’s*

¹ Freeling to P.M.G., 12 December, 1792; and Reports already cited.

CHAP. III *List* consisted of a single leaf, about 12 inches by $7\frac{1}{2}$ inches in size, the front page being given up to miscellaneous commercial information, and the back page to shipping intelligence. Taking the earliest extant issues as typical, the rate of exchange at London on Dublin and fourteen continental centres forms the first item. Then follow Aids in the Exchequer given and paid off; the price per ounce of Gold in Coin, Pieces of Eight, and gold and silver bullion; the price of Annuities; the price of Cochineal per pound, and announcements with regard to State Lotteries. After this come the Stock Exchange quotations. These present a strange contrast to the crowded columns of a financial paper, or even an ordinary daily journal, in the twentieth century. In No. 560, for instance, less than a score of securities are quoted. Quotations are given for Wednesday, Thursday, and Friday; but even in this short list there are several blanks, showing that, on one or other of the days, no recorded transactions had taken place. A few notices as to the opening or closing of transfer books, and dates for payment of dividends, Navy, and Victualling Bills, complete the front page of the *List*.

Contents of
'Lloyd's List,'
1741.

On the back, under heading "The Marine List," appear notices of the arrival of ships at Gravesend, "Loestoff," Harwich, "Leverpool," Bristol, Penzance, Falmouth, Dartmouth, "Pool," Cowes, Southampton, Portsmouth, Dover, the Downs, Dublin, and Cork. The information given, in each instance, comprises the date, ship's and Master's names, and port from whence arrived. In a few instances only, the list of arrivals is varied by notices of sailings, or the destination of ships touching at a port of call. The direction of the wind at Deal on the last three days completes the "Marine List."

This description will suffice, with very little addition, for any issue of *Lloyd's List* throughout the eighteenth century. For many years the only addition to the miscellaneous information on page one was the time of

high-water at London Bridge "from Mr. Flamstead's CHAP. III
(*sic*) correct Tide Table,"¹ and this was subsequently 1713-1768
discontinued. The "Marine List" occasionally con-
tained arrivals at other British, and a few foreign ports.
Occasionally, too, there were added, under the sub-
title of "Ship News," a few paragraphs relating to
casualties, missing vessels, and extraordinary occur-
rences at sea. Typical of the latter, is a paragraph in
No. 565, concerning an unnamed vessel which had been
abandoned by the captain, for want of provisions, when
144 days out from Dublin for Philadelphia. Captain
Higgins must have met with exceptionally bad luck to
make so bold a bid for the wooden spoon of the Atlan-
tic; but, at the best, voyages were slow, and news from
New York was seldom less than a month old; from
Lisbon it arrived in about a week, but from the Medi-
terranean, from Hamburg, and even from the Scotch
and Irish ports, it took ten days or a fortnight.

Scanty as was the information afforded by *Lloyd's*
List, it was well worth the modest subscription of
twelve shillings a year to the eighteenth century mer-
chant. In the words of the Sub-Committee of 1837, it
was "the most correct, authentic, and official docu-
ment of the kind," and as such it found subscribers not
only among the frequenters of Lloyd's Coffee House,
but among traders and underwriters all over the
country, and even abroad. "I need not remind your
Lordships," wrote the Secretary to the Post Office, in
1792, "that *Lloyd's List* is universally received all over
the country as the Gazette of Ship News," and by
1808 it was so widely circulated on the Continent as to
require careful censorship in time of war.²

In the evolution of Lloyd's Coffee House, however,
the early delivery and posting of the intelligence was

¹ John Flamsteed, a friend of Isaac Newton's, was the first Astronomer Royal.

² Freeling to P.M.G. 18 November, 1792, from MS. book "Freeling's Reports to P.M.G."
(In another MS. Book, "Observations on the Report of the Commissioners of Enquiry,"
1793, the word "usually" appears instead of "universally"; but this is probably a
copyist's error); George Curling (Chairman of Lloyd's) to P.M.G. 15 Nov., 1808.

Official tributes to
'Lloyd's List.'

CHAP. III even more important than its publication in *Lloyd's*
 1713-1768 *List*, and to this, above everything else, must be attributed the rapid rise of the House as not merely *a* centre, but *the* centre, of London underwriting. With this there was associated, partly as cause and partly as effect, a great increase in the volume of underwriting transactions. The effects of the Bubble Act, the centralisation of underwriting at Lloyd's, and the improved system of shipping intelligence, all tended to encourage and facilitate the insurance of ships and cargoes. In an Admiralty minute of 1741, the tendency of ships to break convoy, with a view to forestalling the markets, is expressly attributed to the confidence engendered by the growth of marine insurance since the war of 1718-20, and whether the deduction in this minute be correct or no, there is no reason to doubt the increase in underwriting.¹

'Lloyd's List' and
 the centralisation
 of underwriting.

War news in
 'Lloyd's List,'
 1739-48.

The war with Spain, into which Walpole, very much against his own will, was forced in 1739, by the popular outcry over the affair of Jenkins' ear, had the usual effect of stimulating the underwriters' business. It added, also, to the interest and importance of *Lloyd's List*, for the paragraphs of "Ship News" at this period mostly relate to the capture of English ships by enemy cruisers and privateers, or to the successes of our own fleets.

Even at this early date, it seems to have been the practice for the Government to send immediate intelligence to Lloyd's Coffee House of any great victory at sea. At any rate, the substance of Anson's despatch announcing his defeat of De la Jonquière, was known at Lloyd's on the day of its receipt, in time for the frequenters to report the news to their country correspondents.²

¹ Vice-Admiral Sir Herbert Richmond, *The Navy in the War of 1739-48*, Vol I, pp. 183-4

² *Hist. MSS. Commn.*, 10th Report IV, Westmorland, &c., p. 144. MSS. of Captain Stuart of Alltyrolyn; letter of May 6th, 1747, headed "Lloyd's" and beginning, "Early this morning, Capt. Dennis, of His Majesty's Ship the *Centurion* arrived express from the Admirals Anson and Warren."

On one occasion at least, Lloyd's Coffee House was able to forestall the official news, for in the *Gentleman's Magazine* of March, 1739/40, we read, under date March 11th:

"Mr. Baker, Master of Lloyd's Coffee House in Lombard Street, waited on Sir Robert Walpole, with the news of Admiral Vernon's taking Porto Bello. This was the first Account received thereof, and proving true, Sir Robert was pleased to order him a handsome Present. Mr. Baker had his Letter of Advice by the Titchfield, Capt. Gardner from Jamaica, who sail'd from thence with the Triumph, Capt. Renton, and got to Dover a Day before him."

Mr. Baker's
great scoop.
Mar., 1739.

It was a narrow margin; but it sufficed to enrich and immortalise Mr. Richard Baker, whose name, alone among the later Masters of Lloyd's Coffee House, has hitherto been known in history.

At this date the war was popular, especially with the mercantile class, who hoped for a peace that would open up the Spanish colonies in America to British trade. The capture of Porto Bello on the Spanish Main, one of the ports of assembly for the *Flota*, was a good beginning, and it is easy to understand Walpole's generosity to the bearer of news which set all the bells in England ringing, and established the Vernon's Head as the most popular tavern sign in the country.

It was not long, however, before the "ringing of bells" changed, as Walpole had prophesied on the outbreak of war, to "wringing of hands." The British Navy was in a low state of efficiency, and it was not until the war had dragged on for six or seven years that sound strategical dispositions afforded satisfactory protection to British trade. Enemy cruisers and privateers swarmed in the Channel and the Soundings, and the long list of captured ships and cargoes in *Lloyd's List* must often have made sad reading for the underwriters, especially after March, 1744, when France threw her weight into the war, on the side of Spain.

Heavy losses of
British shipping.
1739-48.

It was not, however, only the fate of British ships in which the frequenters of Lloyd's were interested, and

CHAP. III many an earnest student of *Lloyd's List* when he read
 1713-1768 in the issue for May 19th, 1747, of the captures from De la Jonquiére's convoy, may have grieved as an underwriter, while he rejoiced as an Englishman. The business of insuring enemy ships and cargoes was well established and brought no disrepute on those who practised it. The low public spirit of the eighteenth century, and the Mercantilist theories which looked to an influx of bullion and specie as the true end of commercial policy, were both against any drastic restriction of trading with the enemy. When a Bill was brought in, in 1741, to "restrain all Assurances on any Ships or Effects of the Subjects of any Prince or State not in Amity with the Crown of Great Britain," the London Assurance Corporation petitioned against it, and it was finally dropped for lack of the necessary quorum of forty Members on the question that the House do go into Committee. Its fate may have been partly due to the fact that the Bill also contained clauses prohibiting insurances "Interest or no Interest," and insurances on any foreign ships and cargoes to or from the East Indies, both of which met with strong opposition.¹

Bill to prohibit
 the insurance of
 enemy property.
 1741.

The insurance of
 enemy property
 prohibited.
 1748.

It was not until 1748, the last year of the war, that an Act was actually passed prohibiting the insurance of vessels or goods belonging to French subjects, and even then the Government did not venture to interfere with the acceptance of risks on Spanish property. Probably they felt that any attempt to shut down the lucrative business of insuring the treasure fleets would arouse too strong an opposition, and thus defeat the main object of the Bill, the exertion of pressure on our principal antagonist.²

¹ Corbyn Morris, *An Essay towards deciding the Important Question, Whether it be a National Advantage to Britain to Insure the Ships of her Enemies?* 1747, and 2nd edn. 1758; H.C.J. XXIII, 674, 697, 700; *Parliamentary History*, XII, 7-26. The report of the debate by Dr. Johnson confuses the title of the Bill, and the date of the debate, with another Bill, brought in about the same time, for extending certain provisions of the Bubble Act to the North American Colonies.

² Stat. 21 Geo. II, c 4. For the insurance of the *flotas* see John Weskett, *A Complete Digest of the Theory, Laws, and Practice of Insurance*, 1781, p. 223.

The main argument brought forward against any interference with the practice was simply that it was very profitable; that it involved cash payments by foreigners thus increasing the "favourable balance of trade;" and that if the business were not done in London, it would be done elsewhere. Sir Dudley Ryder, the Attorney General in 1748, painted an amazing picture of insurance offices springing up in Paris and monopolising the whole business of underwriting, even on English ships. "By this prohibition," he said, "we may throw such a damp upon the spirit of insuring as may totally extinguish it in this nation." Mr. Solicitor General Murray, afterwards the great Lord Mansfield, who, in those days of very loosely defined party obligations, also opposed the Bill, argued the question on broader grounds: "To carry on trade, for the mutual benefit of both nations, is not aiding and assisting the enemy." What would he have said to the war legislation of 1914-18?¹

It will be noted that the two Law Officers of the Crown were the most prominent speakers against the measure. Its chief supporter was a member of a family that has seldom or never been without a representative at Lloyd's, Mr. Alderman Janssen. On one point both sides were agreed—the strength of London's hold over the marine insurance market of Europe. Where they differed was as to the likelihood of any alternative being quickly established. There can be no doubt as to which was right, if we are to believe Beatson, who was of opinion that the passing of the Act was one of the chief factors in determining the French Government to accept the Allies' terms. It is unquestionable that, in the last year of the war, French and Spanish oversea trade was reduced almost to vanishing point, and that the consequent exhaustion of French finances was threatening to produce military paralysis.²

CHAP. III
1713-1768

Insurance of
enemy property
defended by
Law Officers.
1748.

Effect of pro-
hibiting such
insurances.

¹ *Parliamentary History*, XIV, pp. 108 ff.

² Beatson, *Naval and Military Memoirs*, I, 383; Richmond, *op. cit.*, III, 236-42, 246-7.

CHAP. III The last year of the war was also the last year in the
 1713-1768 life of that Richard Baker to whom its first big victory
 had brought a "scoop" that the most enterprising
 modern journalist might envy. His death, in May, 1748,

Sudden Death of
 Richd. Baker.
 1748.

was evidently sudden, for he had been elected Church-
 warden of St. Mary Woolnoth only a few weeks before.
 In his will, dated May 20th, he describes himself as "of
 Lloyd's Coffee House in the Parish of St. Mary Wool-
 noth, Citizen and Glover," and subject to a few small
 legacies, he leaves all his personal estate to be equally
 divided between his wife Martha and "the child or chil-
 dren she is now big with." About six weeks after his
 death his posthumous son Richard was born, and him we
 shall meet again in this history. Martha Baker appears
 to have carried on the Coffee House alone for the next
 six years; but in April, 1754, she married one Samuel
 Saunders, who is entered as a householder from Lady-
 day of that year, and evidently took over the business.¹

Mr. Samuel
 Saunders as
 Master.
 1754.

Saunders appears to have been a man of substance,
 for, on his marriage, he was able to settle £1,200 Con-
 solidated Bank Annuities on his wife, and at his death,
 he left a freehold estate in Hertfordshire, a copyhold
 house and premises with lands attached thereto at Bat-
 tersea, and between £4,000 and £5,000 in three per
 cent. annuities, in addition to Lloyd's Coffee House
 itself. We know little of his dealings with the business,
 except that his sub-tenant in the ground floor shop
 was one William Merryweather, a hatter; but there is
 every indication that the house retained all its old im-
 portance under his management. That importance,
 in truth, was independent of changes in proprietor-
 ship; it rested on the firm basis of the steady growth
 of underwriting, and the monopoly of ship news.

¹ *Transcript of the Registers of St. Mary Woolnoth*, Burials, May 27, 1748; Baptisms, July 7, 1748; Marriages, April 9, 1754; Guildhall MS. 1001 under date 13 April, 1748; Guildhall MS. 1008. Owing to his death so soon after election, Baker's name does not appear among the list of Churchwardens in the Transcript.

Two incidents, one of which took place during CHAP. III
Martha Baker's widowhood and the other shortly after 1713-1768
her marriage with Saunders, show how closely the
name of Lloyd's was now associated with swift and
accurate intelligence.

In the year 1750 some anonymous wit published, in
pamphlet form, an "Irregular Ode" entitled "*A Sum-
mer Voyage to the Gulph of Venice in the Southwell
Frigate*," a very spirited and amusing skit on the better
known vessels in the Adriatic trade, and their com-
manders. Its interest for us lies mainly in the imprint;
but one stanza may be quoted for the sake of its refer-
ence to marine insurance:

Lloyd's as the
centre of ship
news.
1750.

"See next the *W*——*n* too under Sail,
With what they call a merry Gale!
A goodly Ship to outward Shew,
But most consumed Leaky all below;
Where all around is chill and cold,
A Foot of Water in her Hold,
Or very nigh;
Which makes Insurance on her cursed High."

We can imagine the underwriters scanning *Lloyd's
List* very anxiously for the arrival of the *W*——*n*, and
of the *B*——*d*,

"A lofty Ship, that's apt to pitch,
And to poop a Sea behind
In a boist'rous Gale of Wind;"

but it is more to our purpose that the Ode itself bears
the imprint:

"Printed for Lloyd, well known for obliging the Public with the
Freshest, and most Authentic Ship News: and Sold by A. More, near
St. Paul's, and at the Pamphlet Shops in London and Westminster."

Whether or no this was really a speculation by the pro-
prietor or printers of *Lloyd's List*, it is evident that the
name was regarded as a good "selling point" for a pub-
lication appealing to people with an interest in ship-
ping, and it is not without interest that, nearly forty
years after Edward Lloyd's death, the Coffee House
was thus personified as "Lloyd."

Seven years later, further evidence of the identifica-

CHAP. III tion of the name "Lloyd" with news was afforded by
1713-1768 the establishment of *Lloyd's Evening Post and British Chronicle*. This was an evening newspaper published

'Lloyd's Evening
Post.'

1757.

on Mondays, Wednesdays, and Fridays, and while it made no attempt to compete with *Lloyd's List* in ship news, the proprietor promised early insertion of "the Commercial Intelligence by private Letters, which now spreads from the Coffee Houses, to a small Circle round the Exchange." That the selection of this name was no mere coincidence is shown by the following notice, which appeared in the first number, Friday, July 22, 1757, and was repeated in subsequent issues:

"London: Sold by T. Kinersley, in St. Paul's Church-Yard, by whom all Persons in Town or Country may be regularly served with this Paper. Letters to the Editor and Advertisements will be received at Lloyd's Coffee-house, and by the Publisher."

This use of Lloyd's Coffee House as an accommodation address was, no doubt, a mere business arrangement with the Master; but there is decided significance both in the choice of the address, and the adoption of the name, by the proprietors of a paper making a special appeal to commercial readers.

There were, however, two events of greater importance, with which Saunders had nothing whatever to do, that rendered memorable his tenancy of Lloyd's Coffee House. The first was the addition of the "Memorandum" to the printed form of marine insurance policy; which was almost certainly the result of a meeting or meetings at Lloyd's Coffee House, but which can best be discussed in connection with the settlement of "Lloyd's Policy" thirty years later. The second was nothing less than the first appearance of Lloyd's Register Book.

The First Register
Book, 1764-6.

The earliest Register of Shipping that has been preserved is an oblong volume, bearing date 1764-65-66; but a circular issued in January, 1829, by "Lloyd's

121 Form	Present	Master	Port	To Port	Tons	Guns	M Built & Year	Owners	64	65	66
U	Ubiquist	T. Francis	Cowes	Lisbon	60	S d S L	4 Cowes 1764	Tho. Francis	A G	A G	
	Ubrex Doll	N. Tomlin	Hull	Gottenburgh	280	B	15 Stockholm		E M		
Pr. Wales	Venice Frigate	G. Davidson	Lond.	Nap. & Ven.	220	16	32 River	Geo. Hagen	E M	E M	
	Venice Packet	John Lamb		Ana & Trieste	100 s		9	H. Meyer	E M		
	Venorique	Giles Deaing		Dunkirk	180		14 French	G. Denning			
3 Decks	Ventura	De Salged's		Cadiz	600 s	4-1224-9	80 Cadiz	Uffarczy & Co			
	Venus	W. Turin	Starters		50	S D	5 Topsham	John Baring	I M		
	Venus	L. Savary	Lond.	Jamaica	200		14 Plant.	R. Trips			
	Venus	Jno Cattell	Liverp.	Dublin	70	B	6 British	Okill & Co.	A G		
	Venus	C. Plantain	Cowes	Lisbon	120	B	10 Plant.	T. Abrams	A M	E M	
	Venus	MacLaughlin	Lond.	Dublin	50	S d S L	5 Leith	John Narin	A G		
	Venus	John Narin	Hull	Peterburgh	190		12 N. Eng.	J. Cattle		E M	
	Venus Frigate	John Cattle	Lond.	Barcelona	360 s	14	30 French	Geo. Walker	A M		
	Vernon	D. McLean		Lisb. & Jam.	350 s		16 Hull	Wm. Hooper	A G		
	Victoria	Chisholm	Hull	St. Ubes	300		16 Sweden		O B		
	Victoria	C. Janfen		Bremen	160	S d B	10 Stettin	Staffenh	E M		
	Vigilant	John Brumm	Liverp.	Dubl. & Lisb.	120	dla	14 British	Earl & Co.	E M		
	Vigilant	T. Erasmus	Pool	Newfoundl	120		8 Pool	Jn. Churchill	E M	E M	
	Vigilantia	J. Churchill	Hull	Amsterdam	130 s	S d B	9 Amsterd.		E M		
	Vine	J. Mallyce	Lond.	Dublin	90	S d b B	6 Biddeford	Wm. Mudge			
	Vine	Wm. Mudge	Pool	St. Sebastian's	90	S d b	7 Hull	Berry & Co.	I M	I M	
	Vine	Ja. Pratchett	Hull	Newf & Car.	150		12 Pool	Cheefeman	A G	A G	
	Virginian	Cheefeman	Liverp.	Virg. & Mar.	130		16 Plant.	Crosbics & C.	E M		
		H. McCabe									5

Registry of Shipping” states quite definitely that “this Society was first established in 1760.” This circular, it should be said, is the earliest known document in which the title “Lloyd’s Registry of Shipping” is used; but it is clear that from about 1760 a “Register of Shipping” was regularly issued, at first biennially, and after a few years, annually, by a Society of Underwriters at Lloyd’s Coffee House. The annual subscription, as we know from the circular of 1829, was twelve guineas, and the volumes were issued only to members of the Society, who were subject to fines and penalties if they allowed anyone other than a Member to read or consult the Book.¹

CHAP. III
1713-1768

Register Book
Society at Lloyd’s.
1760.

It is impossible to say definitely whether any Register of Shipping had been printed before 1760. The importance to an underwriter of some accessible information as to the ships he was asked to insure, is obvious, and must have been felt so soon as the growth of shipping made it impossible for him to obtain first-hand knowledge of vessels likely to be offered to him. It has been conjectured, plausibly enough, but without any definite evidence, that lists of vessels, giving some particulars of their condition and equipment, may have been handed round or posted up at Lloyd’s Coffee House from a very early date. The printed Register of 1764-65-66 is so full and complete in its information that some high authorities have considered it as the product of many years’ experience, rather than a new experiment, and it is clear, from evidence given in the case of the *Mills Frigate*, that for some years prior to 1764, certain leading underwriters had kept a register, containing particulars of ships they were in the habit of insuring, and had even employed a surveyor to make periodical surveys of such ships. This register, however, seems to have been a smaller

Underwriters’
Registers.
pre. 1760.

¹ A very full account of these early Registers, and of such facts as are known with regard to the Society of Underwriters, is given in *Annals of Lloyd’s Register*, officially published in 1884 by Lloyd’s Register of British and Foreign Shipping.

CHAP. III affair, and may have been in manuscript.¹ The volume 1713-1768 of 1764 probably represents the first, or at any rate an early publication of the new Society, compiled from a collection of private registers belonging to the Members.

The twelve printed columns of this Register contain
 Contents of the Register Book. 1764-5-6. (1) Former name (if any) of the ship; (2) Present name; (3) Master; (4) Port; (5) Port of Destination; (6) Tons; (7) Guns; (8) Men; (9) Date and place of building; (10) Owner or Owners; (11) and (12) Letters showing condition of ship and equipment in 1764 and 1765, respectively. A final column headed "66" is left blank, to be filled in, in manuscript, for that year. In the column for guns, certain other particulars are frequently added, such as "Sd B," single deck with tier of beams. In the Classification columns the letters A, E, I, O and U give the state of the hulls, and G, M and B (*i.e.*, "good," "middling," and "bad") the state of the equipment. Altogether, particulars of about 1,500 vessels are given.

Register Book of 1768-71.

In the next extant Register, dated 1768-69, with blank columns for 1770-71, different symbols of classification are employed; small letters, a, b, and c being used for hull classification, and the numerals I, II, III and IV, for the state of the equipment. The information is not as lucid and well-arranged as in the earlier volume, the use of a narrower page causing much crowding; but it is supplemented by a description of the vessel's rig, and occasional notes as to recent repairs.²

Register Book of 1775-6. A1 at Lloyd's.

With the third extant Register Book, for 1775-76, the big Roman Capitals reappear, while numerals are retained for the state of the equipment; thus giving, for the first time, the world-famous symbol "A1" to describe a ship in the highest class both for build and equipment.

¹ Park, *System of Insurance*, 1796, p. 223; *The Case of the Mills Frigate*, pp. 5-6.

² In this and subsequent volumes the printed headings to the columns disappear; but this change, sometimes regarded as a sign of inferior skill in preparation, was probably due to the desire to afford as little information as possible to a non-member who might chance to get a glance at the Book.

The title page of all these volumes is missing; but the second and third Register Books can be identified, by comparison with subsequent volumes, as issued by the Society at Lloyd's Coffee House, and it has been conjectured that the earliest volume belonged to a series already in existence in 1760, but discontinued some time before 1775, and that this accounts for the use by the Underwriters' Society of the small letters in the volume of 1768-69. Only when the older series had disappeared, so it is suggested, could the Society venture to appropriate the Roman Capitals of which their predecessors had made use. The theory is ingenious; but the Committee of a rival publication, established in 1799, refer to the "variety of alterations" undergone by the Underwriters' Register before it was "at length arranged in a manner that gave general satisfaction," and there seems to be no good reason for assuming the existence of a separate series of Register Books to which no single reference can be traced.

The salient fact is that a Society for the production of a Register Book of Shipping was unquestionably formed in 1760 by underwriters frequenting Lloyd's Coffee House, and that this Society was the direct ancestor of the Lloyd's Register of to-day. What is still more important, for our present purpose, it represents the first definite step towards formal association and concerted action taken by any section of those who frequented the house. Unlike *Lloyd's List*, the Register Book was not the property of the Master; it was owned and produced by a body of underwriters the majority of whom, at least, would be among the regular frequenters of the house, and managed by a Committee who held their meetings at Lloyd's. Even more conclusively than *Lloyd's List* itself, it proves the identification of Lloyd's Coffee House with the underwriting interest.

CHAP. III
1713-1768

Significance
of the Register
Society.

CHAPTER IV.

THE EXODUS TO NEW LLOYD'S.

1769.

FROM its foundation by Edward Lloyd to the Mastership of Samuel Saunders, Lloyd's Coffee House enjoyed a career of uninterrupted prosperity. Under Lloyd himself it took rank with the foremost establishments of its class, and became a recognised auction mart for ships and prize goods. Under Jemsen, Baker, and Saunders it not only retained this position, but established itself as the headquarters of the underwriting interest, and the source of "the Freshest and most Authentic Ship News." The foundation of *Lloyd's List* in 1734, and the establishment of the Register Book Society in 1760, bore clear witness to its unique position among the great commercial coffee-houses of London. This position it owed less to the merits of its proprietors than to the character of its frequenters and the plain necessity, after the controversies of 1718–20, of some convenient meeting-place for the transaction of marine insurance business; but it is clear that the house itself must have been well equipped and well managed, to attract and retain so extensive and respectable a body of customers. We have now to enter on the period of its decline, and its eventual supersession by a New Lloyd's Coffee House which is still in existence to-day, as the Corporation of Lloyd's. The immediate cause of this startling new development was a split amongst the customers of the house in Lombard Street; but it is probable that a deterioration in the management of the house itself was contributory to the change.

Samuel Saunders, after nearly nine years as Master, died in February, 1763, and by his will, proved on

March 5th, he left the Lease of his house in Lombard Street, which he had "contracted and agreed" for twenty-one years, "and all my Interest therein together with the Trade and Business thereof," to his sister Mary, and his brother-in-law Thomas Lawrence "to the Intent that they may carry on the same for the Use and Benefit of themselves and their Family." He also appointed Lawrence as sole Executor of his will.¹ Herein lay the beginning of trouble.

CHAP. IV
1769.
Death of
Saunders.
1763.

Although Saunders, as has been seen, had a country house at Battersea, and a family estate in Hertfordshire, he had given the chief of his time to the management of the business acquired through his marriage with Martha Baker, and was content to describe himself simply as "Coffee-Man" in his will.² Lawrence apparently, had already a business of his own, or else did not care for the calling of a Coffee-Man, for instead of carrying on the house himself, he put in the head waiter, Charles Waller, as Manager, either on a salary or, more probably, on a profit-sharing basis. Although the new lease was made out in Lawrence's name, it is Waller, not Lawrence, who appears in the list of inhabitants of St. Mary Woolnoth from Lady-day, 1763, and a few years later we find Waller described as "Master of Lloyd's Coffee House," though his right to the title was vehemently contested by Lawrence himself.³

Thos. Lawrence
an absentee
proprietor.

Chas. Waller
Manager of
Lloyd's.

From the events which followed, it is probable that the management of the house by a head waiter, for an absentee proprietor, did not give very satisfactory results. It is certain, at any rate, that when, in 1769, a section of the customers decided to break away from

¹ From a deed of 1773 it appears that this new lease was not finally signed until October 10th, 1765; but the term of 21 years ran from 1762, at a rental of £109: 10: 0.

² He does not describe himself as "Citizen," and we infer that he came from Hertfordshire, as he desired that his body should be taken there for burial. It is worth noting that, in 1761, he obtained exemption from serving in Parish offices by a certificate from the Post Master General—an indication of the close relations established, through *Lloyd's List*, between the Coffee House and the Post Office.

³ Guildhall MS. 1008 and p. 100 *infra*.

CHAP. IV surroundings which had become commercially undesirable, it was neither to Lawrence nor to Waller that they turned for their new caterer, but to a waiter, Thomas Fielding, who had attracted their attention by civility and capacity. The split itself, however, came about as the result, in part at least, of developments which had little or nothing to do with the management of the Coffee House, and these must now be described. Meanwhile it may be noted that young Richard Baker, a lad of fourteen at the death of his stepfather, from whom he received a legacy of £50, was probably employed in some capacity at Lloyd's.

Causes of the
Secession :
the rage for
gambling.

It must be frankly admitted that any attempt to reconstruct the story of the secession in 1769 rests, to a great extent, on deduction from subsequent events; but there is very little doubt that one cause of the split was the invasion of the house in Lombard Street by a speculative element whose activities were distasteful and embarrassing to the steady-going, reputable business men who formed the backbone of its custom. The passion for gambling that characterised the eighteenth century had spread, from the bassett table at White's Chocolate House and the faro banks of innumerable sharpers, to the courts and alleys round the Royal Exchange. Its progress was assisted by the rapid accumulation of capital during a period of expanding trade, and the lack of such facilities for its employment as have been provided, within the last hundred years, by the growth of joint stock enterprise and limited liability. It was this combination of the rage for gaming with the dearth of opportunities for speculative investment that had produced the frenzy of the South Sea Bubble, and while the stringent provisions of the Bubble Act had put an end to the promotion of wild-cat companies, they had by no means put an end to the activities of stock-jobbers. These activities were all the

more dangerous because their range was, inevitably, narrow. With a stock exchange list so restricted as that printed on the front page of *Lloyd's List*, there were few opportunities of a legitimate "flutter" open to the speculator, and all the ingenuity of the professional stock-jobbers was devoted to manipulating the price of the public funds by the spreading of false reports, the suppression of news, and every other method that unscrupulous rapacity could suggest. The names of "Bull" and "Bear" were already well-known in Change Alley, and they were associated, at this period, with practices which not only the moralist but the respectable stock-jobber of to-day would stigmatise as infamous.

Speculation of this kind was never a feature of Lloyd's Coffee House. It is significant that, in a list of nearly a hundred projects of 1720, mostly subscribed at coffee-houses and taverns, only one, "For trading to Barbary and Africa," had its seat at Lloyd's.¹ Nevertheless, the underwriters at Lloyd's were not altogether free from the contagion. Stock-jobbing provided too narrow a field to content the speculators of the day, and a further outlet for their activities was found in the widespread practice of speculative insurance. So early as 1711, it was thought necessary to prohibit by law, the setting up of offices for insurances on "marriages, births, christnings, or service," and in 1734 a further Act prohibited the making of insurances on the course of the public funds.² The latter of these Acts, at any rate, seems to have been practically a dead letter, and neither Act provided any check on the making of wager policies on ships, lives, and events.

Gambling policies on ships and cargoes offered such obvious temptation to fraud that they were taken in hand by the legislature at an early date. The Bill of 1741

Acts against
speculative
insurances.
1711-1734.

¹ J. P. Malcolm, *Anecdotes of the Manners and Customs of London*, 1810, pp. 111-17.

² 9 Anne, c. 6; 7 Geo. II, c. 8.

CHAP. IV was intended to deal with this evil, as well as with the
1769. insurance of enemy property, and in the course of the
debate one Honourable Member is said to have declared:

"The whole practice of insurance Sir, is in its present state, I believe, so perplexed with frauds, and of such manifest tendency to the obstruction of commerce, that it absolutely requires some legal regulations."

Walpole on
insurance.

Walpole, whose love for high play was notorious, remarked with cynical humour that insurance, interest or no interest,

"Is nothing more than a particular game, a more solemn species of hazard, and ought therefore to be prohibited, for every reason that can be urged against games of chance."¹

Prohibition of
wager policies
on ships and
cargoes.
1746.

This Bill, as we have seen, was dropped; but only five years later an Act was passed, prohibiting insurances on ships or goods, "Interest or no Interest, or without further Proof of Interest than the Policy, or by way of Gaming or Wagering, or without Benefit of Salvage to the Assurer." The only exceptions allowed were in respect of policies on privateers made by or for the owner, and on goods from the Spanish and Portuguese possessions—a provision clearly intended to facilitate insurance of the *flotas*.²

Prohibition of
reinsurances.
1746.

Policies of re-insurance came under the same general condemnation. The clause which deals with them runs as follows:—

"And be it further enacted by the Authority aforesaid, That it shall not be lawful to make Re-Assurance, unless the Assurer shall be insolvent, become a Bankrupt, or die; in either of which Cases such Assurer, his Executors, Administrators or Assigns, may make Re-Assurance, to the Amount of the Sum before by him assured, provided it shall be expressed in the Policy to be a Re-Assurance."³

The prohibition of re-insurance, which remained on the Statute Book far into the nineteenth century, was based on the speculative character of the practice; the exceptions set out in the clause are explained by the

¹ *Parl. Hist.* XII, 7-26. Johnson's reports, while they cannot pretend to verbal accuracy, probably represent fairly enough the substance of the arguments. See Preface to vol. XI.

² 19 Geo. II, c. 37.

³ *Ibid.*, Clause iv.

provisions of the Bubble Act. Premiums due to an underwriter, at the date of his death or bankruptcy, could not be made liable for partnership debts until full satisfaction had been made of claims arising under outstanding policies, and the payment of any considerable claims might seriously reduce the surplus ultimately carried to the partnership account, or available for distribution to his heirs. It was only reasonable, therefore, that his trustee in bankruptcy, or his executor, should be able to protect the estate by re-insuring the amount of outstanding policies.

CHAP. IV
1769.

Stringent as were the provisions of the Act of 1746, they left untouched the wager policies on lives and events, which were the most popular forms of insurance gambling, and gave most concern to the censors of commercial morality during the second half of the eighteenth century. Mr. Thomas Mortimer, who published, in 1761, a vitriolic attack on the "Mystery and Iniquity of Stock Jobbing," gives a startling picture of the lengths to which this practice was carried. According to him, it was the practice of the stockjobbers at Jonathan's to wile away the time, during the slack season, by effecting gambling policies of a very doubtful character.

Wager policies on
lives and events.

"Another manner of spending the vacations, is insuring on the lives of such unfortunate gentlemen, as may happen to stand accountable to their country for misconduct. I am not willing to disturb the ashes of the peaceful dead, or I could give an instance of this cruel pastime, the parallel of which, is not to be met with, in the history of any civilized nation: but I hope we shall hear no more of such detestable gaming; and therefore as a scene of this kind fully laid open, might astonish, but could not convey instruction, humanity bids me draw the veil, and not render any set of men unnecessarily odious."¹

Humanity, however, was complaisant enough to allow

¹ *Every Man his own Broker*, 1st Ed., p. 97. The first edition of 1761 was published under the pseudonym of "Philanthropos." In *Bibliotheca Britannica* and in Blackstock's *Historical Literature of Sea and Fire Insurance*, the book is erroneously attributed to David Scott. It was considerably amplified in the later editions, which bore the author's name. The British Museum has copies of the following editions:—First and Fourth, 1761, Fifth, 1762, Seventh, 1769, Eighth, 1775, Ninth, 1782, Thirteenth, 1801.

CHAP. IV Mr. Mortimer, twenty years later, to lift another corner of the veil, and throw, in the thirteenth edition of 1769. his work, some additional light on the practices of the stockjobbers.

Insuring
eminent
invalids.

"A practice likewise prevailed of insuring the lives of well-known personages, as soon as a paragraph appeared in the newspapers, announcing them to be dangerously ill. The insurance rose in proportion as intelligence could be procured from the servants, or from any of the faculty attending, that the patient was in great danger. This inhuman sport affected the minds of men depressed by long sickness; for when such persons, casting an eye over a newspaper for amusement saw that their lives had been insured in the Alley at 90 per cent. they despaired of all hopes; and thus their dissolution was hastened."

Mr. Mortimer, while he owned to "an honest turn for satire" was candid enough to recognise merit where he found it, and he goes on to record:

"But, to the honour of the principal merchants and underwriters, they caused an advertisement some years since, to be fixed up at Lloyd's coffee-house, declaring, that they would not transact business with any Brokers who should be engaged in such infamous insurances."¹

This handsome tribute to the underwriters has given rise to some confusion, through the assumption that it was contained in the original edition of *Every Man his own Broker*, and referred to a notice posted up at Lloyd's Coffee House in Lombard Street. This is quite erroneous. The whole passage was added at some time subsequent to the publication of the ninth edition in 1782, and it will be seen later that the advertisement to which it refers was not "fixed up" until 1774, and that it was not at the house in Lombard Street that it was posted. On the other hand, it is clear that the insurances on invalids were a part of the nefarious practices denounced in earlier editions, and, to this extent, the passage is good evidence for the state of things in 1769.

In addition to these wager policies on lives, it appears that the gentlemen at Jonathan's were deeply implicated in the making of "sham insurances (that is to

¹ 13th Ed., pp. 111-12.

say, insurances without property on the spot) made on places besieged in time of war," and Mr. Mortimer points out forcibly the temptation to fraudulent circulation of false, or suppression of true news, to which this gave rise in the state of eighteenth century communications. Like a patriotic Briton he declares, in his later editions, that foreigners were among the worst sinners.

"Of sham insurances . . . foreign ministers residing with us, have made considerable advantages; it was a well known fact that a certain ambassador insured 30,000*l* on Minorca, in the last war, with advices in his pocket at the time, that it was taken—our Government did not get the intelligence till two days after this transaction, it was the third, before it was made public; and thus, the ambassador duped our people, who continued to accept premiums till the third day."¹

CHAP. IV
1769.
"Sham insurances."

There are few people who have so much reason as the underwriter to bless the inventor of the electric telegraph.

In weighing the value of Mr. Mortimer's evidence, it must be remembered that his diatribes were directed not so much against the underwriters as against the stockjobbers, by whom the greater number of these gambling insurances were effected, and that his righteous indignation was quickened by the loss of a fortune through speculating in the funds at Jonathan's. At the same time, the facts that his book went through thirteen editions in twenty-one years, and that the attack on wager policies was strengthened rather than softened in the later editions, suggest that his charges were not much exaggerated. They are, indeed, amply confirmed by independent evidence. A writer in the *London Chronicle* of 1768 brings the charge home directly to Lloyd's:—

An attack
on Lloyd's.
1768.

"The introduction and amazing progress of illicit gaming at Lloyd's Coffee-house is, among others, a powerful and very melancholy proof of the degeneracy of the times. It is astonishing that this practice was begun, and has been hitherto carried on, by the matchless effrontery and impudence of one man. It is equally so, that he has met with

¹ Added in the Eighth Edition, 1775, p. III.

CHAP. IV
1769.

so much encouragement from many of the principal Under-writers, who are, in every other respect, useful members of society : and it is owing to the lenity of our laws, and want of spirit in the present administration, that this pernicious practice has not hitherto been suppressed. Though gaming in any degree (except what is warranted by law) is perverting the original and useful design of that Coffee-house, it may in some measure be excusable to speculate on the following subjects:

"Mr. Wilkes being elected Member for London, which was done from 5 to 50 guineas *per cent.*

"Ditto for Middlesex, from 20 to 70 guineas *per cent.*

"Alderman B——d's life for one year, now doing at 7 *per cent.*

"On Sir J——. H——. being turned out in one year, now doing at 20 guineas *per cent.*

"On John Wilkes's life for one year, now doing at 5 *per cent.*—N.B. Warranted to remain in prison during that period.

"On a declaration of war with France or Spain in one year, 8 guineas *per cent.*

"And many other innocent things of that kind.

"But when policies come to be opened on two of the first Peers in Britain losing their heads, within a year at 10s. 6d. *per cent.* and on the dissolution of the present Parliament within one year, at 5 guineas *per cent.* which are now actually doing, and underwrote, chiefly by Scotsmen, at the above Coffee-house ; it is surely high time for Administration to interfere, and by exerting the rigour of the laws against the authors and encouragers of such insurances (which must be done for some bad purpose) effectually put a stop to it."¹

Reputable
underwriters
disquieted.

This atmosphere of feverish and scandalous speculation was clearly injurious to the more reputable merchants and underwriters who did their business at Lloyd's. Their own reputation suffered from the discredit brought on the house as a whole, and the presence of a crowd of noisy gamblers, having little or no interest in legitimate insurance, must have been very unfavourable to the transaction of business. A large number of the more respectable customers accordingly determined, somewhere about the beginning of 1769, to break away altogether from such distasteful associations.

The course which they took suggests that the reformers were far from satisfied with the management of the

¹ Malcolm, *op. cit.*, pp. 373-5. We have been unable to identify the issue. J. Francis, *Annals of Life Insurance*, 1853, gives some shocking examples of gambling policies on lives, effected at Lloyd's ; but neglects, unfortunately, to mention his authorities.

Sold by J. BURRUP,
STATIONER,
No. 6, North Side of the
Royal-Exchange.
Printed by S. Courtois,
Throgmorton Street, London.

In Consideration of *The Insurance*
for One Hundred Pounds, and according to that Rate for every greater or
less Sum received of *William* *Wright*

We who have hereunto subscribed our Names, do, for ourselves severally, and
for our several and respective Heirs, Executors, Administrators, and Assigns,
and not one for the other or others of Us, or for the Heirs, Executors, Admini-
strators, or Assigns, of the other or others of Us, assume, engage, and promise,
that We, respectively, or our several and respective Heirs, Executors, Admini-
strators, and Assigns, shall and will pay, or cause to be paid, unto the said

Heirs, Executors, Administrators, and Assigns, the Sum and Sums of Money
which We have hereunto respectively subscribed, without any Abatement whatever.

In Case . *Napoleon Bonaparte*, shall
cease to exist, or be taken Prisoner, on
or before the 21st day of June 1813 -
commencing from this day 7

London 21 May 1813
100 *Francs* *per Annum* *pro* *William Wright*

100 *Francs* *per Annum* *pro* *William Wright*

150 *Anthony Kemmings* *per Annum* *pro* *William Wright*

151 *J. B. L. Mitche* *per Annum* *pro* *William Wright*
per Annum *pro* *William Wright* *per* *21 May 1813*

house itself. It was no new thing for the regular frequenters of a coffee-house to find themselves disturbed
 CHAP. IV
 1769.

by the crowding of the house with miscellaneous and often uncongenial company, and at several houses a remedy had been found in the formation of a club for social or business purposes, whose members procured, by payment of a small annual subscription, the exclusive use of a room or rooms. From Thomas Mortimer himself we learn that a hundred and fifty of the leading stockbrokers at Jonathan's paid a subscription of £8 per annum to the Master, "for the privilege of excluding their poor brethren and of assembling about three hours every day to transact only one part of their business"; on which Mr. Mortimer makes the characteristic comment :—

Coffee-house
clubs.

"Think not, O Rome ! that with all thy artful sophistry thou canst invent a more absurd proposition than this, that some *Devils* are blacker than others."¹

In the *Gentleman's Magazine* for 1841 there is an interesting account of a subscription book opened at Tom's Coffee House in 1768, which shows a further development of this system. From this book it appears that the club at Tom's wanted to extend the number of card-tables, and arranged with Mr. Haines, the landlord, to take in the front room of the house next door as a new coffee-room, so that the old coffee-room could be thrown into the club room, and thus provide the necessary accommodation. The Club, on their part, agreed to bear the expense of the alterations, and to guarantee the rent of the new coffee-room for four years certain.²

Had the reform party at Lloyd's been on good terms with the proprietor, some arrangement on these lines might have been attempted. What they actually did was to enter into negotiations with one of his waiters, Thomas Fielding, whom they induced to set up as a

Secession from
Lloyd's.
1769.

¹ *Every Man his own Broker*, Preface to 5th Edition, 1762, pp. xiii-xv.

² *Gentleman's Magazine*, 1841, Part II, pp. 266-8.

CHAP. IV Coffee-Man on his own account. It is quite clear, moreover, that the new establishment was intended, from the first, not merely as an offshoot, or a rival of Lloyd's Coffee House, but as its supplanter. Representing, as they did, all that was best and most characteristic in the business traditions of Lloyd's, the secessionists had no intention of losing the goodwill now attached to the name, and suggested, or at least approved Fielding's choice of "New Lloyd's Coffee House" as the title of his establishment.

Thos. Fielding
and New Lloyd's
Coffee House.

As a preliminary, they appear to have persuaded Waller to give notice terminating his management as on Lady-day 1769. It is possible, of course, that he had already decided to retire, and that this was what first suggested to the reform party the idea of setting up a new establishment; but from the documents shortly to be quoted, it is much more likely that Waller was "squared" by Fielding or his supporters. At all events, he seems to have acted in collusion with them.

The next step was to find premises, and Fielding secured the lease of a house, No. 5, Pope's Head Alley, at a rental of £80 a year.¹ The building was an old one and the accommodation inferior to that provided at 16, Lombard Street; but the whole transaction bears marks of haste, and the great thing was to obtain premises that could be opened by the date of Waller's retirement. As regards situation, at any rate, the new house met all requirements. It was within a stone's throw of old Lloyd's Coffee House, the Royal Exchange, and the General Post Office; and Pope's Head Alley itself had been made famous not only by the well known Pope's Head Tavern, but by such reputable commercial coffee-houses as Bridge's, Waghorne's, and Tom's.²

¹ The number and rent of the house are taken from Guildhall MS. 2137/4, *Duplicate, Sewer Rate, 1771, Langbourn-Wallbrook.*

² Not, of course, the West-end Tom's referred to above, but the business Tom's, given as his alternative address by John Julius Angerstein in a directory (*Baldwin's New Complete Guide*) of 1770.

How far Fielding's patrons stood behind him financially, it is impossible to say. The lease was certainly in his name, and there is no trace of any formal subscription to indemnify him for the rent, or for the expense of fitting up the house. No doubt he had saved money in service; the Wills and Toms and Johns, who gave their names to so many seventeenth and eighteenth century coffee-houses, were all waiters who had scraped together or borrowed enough money to set up on their own. It seems clear, however, that he had received a definite promise of support from a large and respectable body of customers, and it is likely enough that they had agreed, as individuals, to pay some small annual subscription.

CHAP. IV
1769.

So far all was well; but before New Lloyd's could supersede, or even enter into competition with the old house, it was necessary to acquire or break down the monopoly of shipping intelligence that had contributed so much to its position as the hub of the underwriting world. It is probable that all, or most of the members of the Register Society were among Fielding's supporters; but the supply of ship news, posted up at the Coffee House and printed in *Lloyd's List*, depended on the Post Office grant.

Grant of
shipping
intelligence.

Unfortunately, the Post Office records at this period are not nearly so full as they became a few years later, when Francis Freeling was Secretary, and even if they were, it is doubtful whether they would throw much light on the intrigues and negotiations that undoubtedly took place. The payment made by Lloyd's Coffee House was a perquisite of the Secretary and the Comptroller of the Inland Department; the whole arrangement was unofficial, or at most semi-official in character. From documents quoted below, there is some reason to believe that Waller's retirement was represented as involving the closing down of the old house; Fielding was willing, no doubt, to make the same payment

CHAP. IV as had been received from Waller; the only concern of
 1769. the officials was with the continuance of their per-
 quisite. If the sanction of the Post Masters General
 was required, Fielding's influential supporters could
 show plenty of good reasons for extending the privi-
 leges of free postage and early delivery to New Lloyd's.
 The one thing certain is that, by fair means or foul, the
 grant was obtained, and arrangements made with
 the printer of *Lloyd's List* and the correspondents at the
 ports.

War declared
 on Old Lloyd's.
 Mar., 1769.

The decks were now cleared for action, and early in
 March, Fielding circulated among the frequenters of
 Lloyd's Coffee House a card intimating that Waller,
 described as the Master of the House, was retiring in
 his favour, and that the grant of ship news had been
 transferred to the "New Lloyd's Coffee House" he was
 opening in Pope's Head Alley. This was an open de-
 claration of war, and as such it was received. How far
 Lawrence had any previous knowledge of what was
 going on cannot be discovered; but it would appear
 from his first move that Fielding's card came on him
 with the shock of a most unwelcome surprise. Totally
 unacquainted as he was with the details of coffee-
 house management, he entered into partnership with
 young Richard Baker, who had probably been brought
 up in the business, and the pair issued a joint mani-
 festo in reply to Fielding. This document, which ap-
 peared in the *Public Advertiser* of Friday, March 17th,
 1769, deserves to be reproduced in full, not only for
 the light it throws on the story of the secession, but for
 its human interest :

Partnership
 of Lawrence
 and Baker.

"To the Merchants, Brokers, and other Gentlemen using Lloyd's
 Coffee-house in Lombard Street. WHEREAS Thomas Fielding has
 in his Card addressed to the Merchants, &c informed them that Mr.
 Charles Waller, Master of Lloyd's Coffee-house, has quitted the Busi-
 ness in his Favour; The Business never was Mr. Waller's, and there-
 fore is impossible for him to give a Business away that he never was
 Master of, and at the Bottom of this Card informs the Gentlemen the

Ship News and all other Intelligence will be entirely removed from Lloyd's at Lady-Day next, which is quite false, as the Ship-News and all other Intelligence will be continued to the old House in like Manner as it has been done for a Number of Years past; and as Mr. Charles Waller, who has been head Waiter in the said House for many Years, and who at present carries on the Trade and Business for Mr. Thomas Lawrence (the present Master of the said House, and Executor of the late Mr. Samuel Saunders) has given Notice of quitting the Management of the Trade and Business at Lady-Day next, Thomas Lawrence and Richard Baker beg Leave to acquaint the Merchants and their Friends in general, that, notwithstanding all the Reports propagated to the contrary, they have obtained the Grant for the News, and intend carrying on the Trade and Business of the said House as usual, and request in the most humble Manner the Continuation of the Favour of those Gentlemen, which they will endeavour to deserve, and which will be most gratefully acknowledged by their most obedient and most devoted humble Servants,

THO. LAWRENCE
RICH. BAKER

London, March 14.

P.S. Messrs. Lawrence and Baker beg the Favour that those Gentlemen who intend honouring Lloyd's Coffee-house with their Commands for the Lloyd's List, will be so kind to send in their Names and Place of Abode, with the Number of Lists they take, on or before Lady-Day next, directed for Richard Baker at the Bar of Lloyd's Coffee house, and the greatest Care will be taken to have them delivered as early as possible with the greatest Care and Punctuality."

It will be observed that Messrs. Lawrence and Baker's indignation had robbed them not only of grammar, but of coherence, and almost of the power to write intelligible English. At the same time, they were solicitous, and almost cringing in their appeal for the continuance of their patrons' favours. Both their rage and their servility are easy to understand. They were evidently quite aware that Fielding had already secured the support of, at least, an influential section of their customers. Moreover, while Fielding had learned his job as a waiter at old Lloyd's, Lawrence had hitherto taken no part in the conduct of the business; Baker was little more than a lad, and Waller, who was in actual possession of the house, was acting in collusion with their enemies. It is clear from the postscript to their manifesto that they were unable even to obtain

CHAP. IV
1769.

Panic at
Old Lloyd's.

CHAP. IV access to the books, for the purpose of circularising the
1769. subscribers to *Lloyd's List*.

The gist of this postscript was repeated, as a separate advertisement, on the next day, Saturday, March 18th. On the following Monday Fielding fired his broadside, also in the *Public Advertiser*:

Opening of
New Lloyd's.
21 Mar., 1769.

"To the Merchants in general, Owners, and Freighters of Ships, Insurance Brokers, &c &c THOMAS FIELDING, Waiter, from Lloyd's Coffee-house, begs Leave to acquaint them, that his House in Pope's Head Alley, Lombard Street, is now genteely fitted up, and will be opened for the Reception of Gentlemen, Merchants, &c Tomorrow, the 21st Instant, by the Name of New LLOYD'S COFFEE HOUSE where he hopes to receive their Favours, which shall be gratefully acknowledged, by

Their most obliged humble Servant,

THO. FIELDING."

There is a confident and business-like brevity about this announcement which is in striking contrast to the hysterical appeals of Messrs. Lawrence and Baker, and it is significant that their subsequent manifestoes drew no further reply. Evidently, Fielding's card had done its work; he was already assured of sufficient support to dispense with much touting after new business.

'New Lloyd's
List.'

On Tuesday, March 21st, 1769, the house in Pope's Head Alley was duly opened, and on the same day, a notice appeared in *Lloyd's List* to the following effect: "The Marine List, and Course of Exchange, will be printed and delivered on Tuesday next the 28th Inst. continued under the Name of NEW-LLOYD'S List, which will be carefully delivered: And the Quarter due at Lady-day, is desired to be continued until Christmas next."

This notice was repeated in the issue for Friday, March 24th, and was presumably inserted by Waller, under his arrangement with Fielding.

Meanwhile Lawrence and Baker had been at work. If they could not retain the monopoly of ship news, it was essential, at least, to share it. At first, no doubt, they would argue that Fielding had obtained his grant by misrepresenting the effect of Waller's retirement, and that it should, therefore, be revoked. When they found that the influence of Fielding's supporters was

too strong, or the inducements offered to the officials too attractive, for them to hope for a continuance of the monopoly, they would represent that it was in the public interest for the news to be circulated as widely as possible, and that they were ready to make suitable acknowledgment of any privileges conferred upon them, even though these might be extended also to their rival. Probably it was the pecuniary argument that carried the day. At any rate a grant was obtained, a new printer was found, and arrangements were made either to open up new channels of correspondence, or to receive copies of the lists already furnished.

Lawrence and Baker were thus in a position, on March 24th, to insert another advertisement in the *Public Advertiser*, announcing that their house would be open on the 27th, under the name of "Old Lloyd's Coffee House," and that the "Marine List and Course of Exchange" would be issued on the 28th, with the title of "Old Lloyd's List." It is an amusing feature of this announcement that the advertisers, who describe themselves as "Owners and Masters of Lloyd's Coffee House, Lombard Street," adopt in its entirety the heading "To the Merchants in General etc." used by Fielding in his advertisement of March 20th. The announcement itself is couched in the same terms of despairing servility as their original manifesto.

CHAP. IV
1769.
"Old Lloyd's
Coffee House."
27 Mar., 1769.

On Monday, March 27th, the advertisement reappears with one slight and one important variation. Borrowing another touch from Fielding, they announce that "their House will be genteely fitted up, and opened This Day"—presumably it was being hastily refitted after Waller's departure. A more significant change is that it "will be called Lloyd's Coffee-house as usual," and the Marine List etc., is to be issued "under the usual Name of Lloyd's List," the word "Old" being dropped in each instance. Lawrence and Baker evidently felt that their one hope was to persuade the public that the house

CHAP. IV in Lombard Street was the only genuine Lloyd's Coffee
1769. House, needing no distinguishing adjective.

To all this Fielding made no reply, and the series of announcements in the *Public Advertiser* is brought to a close, on March 31st, by a further appeal from Lawrence and Baker, for support to their publication "under the original Name of Lloyd's List." From this it appears that Fielding's "New Lloyd's List" had duly appeared on the 28th, "and it having been reported that the original would for the future be discontinued, has induced several Gentlemen to take in the said Fielding's List."

Rivalry of
Old and New
Lloyd's.

There were now two Lloyd's Coffee Houses and two Lloyd's Lists, and for some few years at least, the rivalry between them appears to have been acute. Fielding had carried with him to his new house in Pope's Head Alley the majority of the leading merchants, brokers, and underwriters who had frequented the old house in Lombard Street. To Lawrence and Baker there would remain the bulk of that speculative element in the clientèle, whose undesirable activities had contributed so much to bringing about the secession; together, no doubt, with a number of more reputable customers, who were unwilling to leave a house endeared to them by old associations; but they must have been compelled to look largely to new custom, and as time went by, this custom would become more and more of a general coffee-house character, lacking the distinctive characteristics of New Lloyd's.

It is clear, however, that Lawrence and Baker continued, for some years, to put up a fight for the position of Lloyd's Coffee House in Lombard Street as a centre of the shipping and underwriting interests. They had on their side the great traditions which had gathered round the house; they were still the proprietors of the original *Lloyd's List*; they were still able to supply shipping intelligence to the Government, and

it was probably some time before the Government De- CHAP. IV
partments themselves realised the full significance of 1769.
the secession. In November, 1770, Old Lloyd's was

able to send to the Admiralty important news relating to the movements of French and Spanish warships and transports. It is still more significant that, a year later, when the Under-Secretary for the Colonies wished to reassure the City with regard to the effects of an earthquake in Jamaica, it was to Lombard Street, and not to Pope's Head Alley that he sent his message.¹

It is doubtful whether Lawrence himself took much part in the conduct of the business. He is duly entered in the List of inhabitants of St. Mary Woolnoth, as becoming householder at Midsummer, 1769, but is noted as "not eligible" for parish offices, which suggests that he was non-resident,² and young Richard Baker was most likely the managing partner. Still, the lease was in Lawrence's name, and he was presumably regarded as the real proprietor of *Lloyd's List*.

Lloyd's List itself continued to be published, under its original name, certainly down to the end of 1772, and probably for some years later. The first issue, under the management of Lawrence and Baker, was that for Tuesday, March 28th, 1769, the day after their house re-opened, and the day on which *New Lloyd's List* was first published from their rival's establishment. It shows a number of small typographical changes which prove beyond doubt that the proprietors had been obliged to go to a new printer; but in contents and arrangement it is exactly the same as before. In the two following numbers also, there is nothing fresh; but in No. 3465, for April 7th, 1769, a footnote appears at the bottom of the first page, which shows that the rumours as to the withdrawal of the ship news

'Lloyd's List'
still issued.

¹ *S. P. Dom.*, -*Geo.* III, 47, No. 26, a, b; C O 5/250. The Under-Secretary's letter is addressed simply to the Master of Lloyd's Coffee House, without giving his name; but if, at this date, it had been sent to Fielding, it may fairly be presumed that the house would have been particularised as *New Lloyd's*.

² Guildhall MS. 1008.

CHAP. IV had not been finally disposed of by the announcements
1769. in the *Public Advertiser*. It runs as follows:

"N.B. Notwithstanding any Reports to the contrary, the Post-Masters-General have been so kind to promise the Continuance of the Ship News to LLOYD'S Coffee-House in Lombard Street, the Marine List and Course of Exchange will therefore be published every Tuesday and Friday as usual."

This notice is reprinted in every subsequent issue down to, and including No. 3613. In No. 3614, for October 5th, 1770, it is slightly altered, to read "the Post Masters General have been so kind to Continue the Ship News," and in this form it appears in all issues down to No. 3619, October 23rd, 1770, the last in the file at Lloyd's for that year.

The Rival
'Lloyd's Lists.'

Unfortunately, the opening numbers of *New Lloyd's List* have not been preserved at Lloyd's or elsewhere; but the file volume for 1771 is made up of *New Lloyd's List*, Nos. 185 to 289 inclusive. For 1772, the file reverts to the original List (Nos. 3740 to 3837); but that for 1773 opens with No. 394 of *New Lloyd's List*, and all subsequent file copies contain the same heading down to a date when the adjective had become unnecessary. It is, indeed, a fortunate chance that the volumes preserved at Lloyd's should have been made up alternately for the years 1770-1773 from the rival Lists, for it was the numbering of these issues which first suggested that *Lloyd's List* and *New Lloyd's List* were concurrent publications, and gave a hint of the prolonged rivalry between "Old" and "New" Lloyds.¹

¹ *Lloyd's List* :

Numbers follow each other consecutively until Tuesday, 23 October, 1770 ...	3619
Add for issues from Friday, 26 October, 1770, to Tuesday, 31 December, 1771	124
	<u>3743</u>

The actual issue for Friday, 3 January, 1772, is No. 3740. Tuesday, 25 December, 1770, was Christmas Day, and two numbers may similarly have fallen out during 1770-71.

New Lloyd's List :

First issue, as shown by advertisements, was Tuesday, 28 March, 1769. From this date to Friday, 28 December, 1770, would account for 184 numbers. The actual issue for Tuesday, 1 January, 1771, is No. 185.

Issue for Tuesday, 31 December, 1771	...	...	...	...	No. 289
Add for Friday, 3 January, 1772, to Tuesday, 29 December, 1772	...	...	...	...	104
					<u>393</u>

The actual issue for Friday, 1 January, 1773, is No. 394.

A comparison of the two Lists shows that *New Lloyd's* CHAP. IV
List has none of the typographical changes noted in 1769.

Messrs. Lawrence and Baker's publication, and is clearly the work of the printers employed on *Lloyd's List* down to the expiration of Waller's management.

In contents and arrangement the two Lists are practically identical. Each consists, as before, of a single half sheet. The front page of each is devoted to the Course of Exchange, Aids in the Exchequer, the price of bullion and specie, and other commercial intelligence. The back page contains "The Marine List" on the old lines, though the number of paragraphs relating to casualties, speakings, and missing ships is rather greater than in 1741. In *New Lloyd's List*, as in *Lloyd's List* itself, prior to March, 1769, the heading of this page is often omitted, as a saving of space, when the list of arrivals and departures is a little longer than usual; but in the numbers of *Lloyd's List* published by Lawrence and Baker it invariably appears. They were evidently anxious to lose no opportunity of emphasising the continuity of their publication.

Character of
 'New Lloyd's
 List.'

One important innovation, and one only, appears in *New Lloyd's List*. To each of twenty-nine numbers issued in 1771 there is annexed a second half sheet, headed "Supplement to No. —," giving two additional pages of ship news. The arrivals and departures in these supplements, when they come from the same ports as figure in the ordinary page, are a day or two earlier in date. These occasional supplements, which became a regular feature of *New Lloyd's List*, have no counterparts in the volumes of the old *Lloyd's List* for 1770 and 1772.

Supplements
 to 'New Lloyd's
 List.'

Although no copy of the original List has been preserved bearing later date than 1772, it is probable that it continued to appear for some time longer. The accounts of the *Public Advertiser* for 1773 show a pay-

CHAP. IV ment of £12 to Lloyd's Coffee House for "Post
 1769. News,"¹ and it is most likely that the postal privileges
 accorded to the old house were continued so long as it
 remained open, or at any rate so long as its proprietors
 could afford to keep up the annual gratuity to the Post
 Office officials. It is clear, however, that Messrs. Law-
 rence and Baker were always fighting a losing battle.
 Decline of
 Old Lloyd's. Fielding's supporters were too numerous and too in-
 influential to be readily replaced, and it is easy to credit
 the statement in Ackermann's *Microcosm* that the se-
 cession "occasioned a great falling off in the business
 of the old house, which eventually declined alto-
 gether."²

There is something rather pathetic in this gradual de-
 cay of the flourishing business so firmly established by
 Mr. Edward Lloyd; but it is not, after all, to the pro-
 prietors, but to the frequenters of Lloyd's Coffee
 House, that the Lloyd's of to-day can trace its origin.
 The real
 origins of
 Lloyd's. The merchants and underwriters who followed Fielding
 to Pope's Head Alley were the soul of Lloyd's Coffee
 House as a business institution, and before proceeding
 with the story of the decline and fall of the house in
 Lombard Street, it is necessary to trace the steps by
 which the frequenters of New Lloyd's converted
 themselves from a chance assembly of individuals into
 an organised society. It was not in Lombard Street
 but in Pope's Head Alley that Lloyd's entered on its
 great career.

¹ H. R. Fox Bourne, *English Newspapers*, 1887, Vol. I, pp. 195-6.

² Rudolph Ackermann, *The Microcosm of London*, 1808-11; quoted from reprint of 1904, II, 174.

CHAPTER V.

THE FOUNDATION OF LLOYD'S.

1771-1774.

THE secession of 1769 marked the beginning of a new era in the development of Lloyd's. The rivalry between New Lloyd's Coffee House in Pope's Head Alley and Lloyd's Coffee House in Lombard Street was not merely the rivalry between an up-start head waiter, turned Coffee-Man, and his former master; the two establishments, for all their outward similarity, were essentially different in character. The old house was run by Messrs. Lawrence and Baker, purely in their own interests, on ordinary coffee-house lines. New Lloyd's had come into existence, not merely through Thomas Fielding's desire to set up for himself, but through the determination of the leading underwriters to secure more convenient and better regulated headquarters for their business transactions. It was on the satisfaction of this demand that Fielding's profits mainly depended, and from the first, he appears to have regarded the leaders of the secession movement as masters, or financial backers, rather than as customers. The way was thus paved for a still more revolutionary development, a few years later, in which this relation was, for the first time, formally defined.

Hardly had the secessionists settled down in Pope's Head Alley when they were again looking out for new premises. New Lloyd's Coffee House might be "gently fitted up," but it was an old building, and the accommodation "extremely inauspicious to health, and inconvenient in respect to business, on account of its size and situation."¹ The leading frequenters of the house determined, accordingly, to seek new quarters

Demand for
new premises.

¹ *Public Characters of* 1803-4.

CHAP. V on a more extensive scale than Fielding's limited capital could command, and on December 13th, 1771, seventy-nine merchants, underwriters, and brokers set their hands to the most important document in the history of Lloyd's. It runs as follows:

Subscription for
a New Lloyd's.
13 Dec., 1771.

"We the Underwritten do agree to pay our Several Subscriptions into the Bank of England in the Names of a Committee to be chosen by Ballot for the Building A New Lloyd's Coffee House."

Each of the seventy-nine subscribers signed for £100.

With this subscription we pass definitely from the history of Lloyd's Coffee House to the history of Lloyd's. A copy of the document itself forms the first item in the first of the long, unbroken series of Minute Books, which will henceforth take the place of scattered references in newspapers and pamphlets as the main basis of this narrative, and any doubt as to the significance of the step taken in December, 1771, is finally set at rest by the title of the first printed list of Members that was ever published—*List of Subscribers to Lloyd's, from the Foundation in 1771, To the First of June, 1800*. From this it is clear that, whatever may have been the relation between Fielding and his supporters when the exodus from Lombard Street took place, there had been no formal bond of association between the frequenters of the house in Pope's Head Alley, before the far-sighted seventy-nine banded themselves together "for the Building A New Lloyd's Coffee House."

Unlike the enterprising Coffee-Man who has given his name to Lloyd's, the seventy-nine knew what they were doing. They could not, indeed, foresee how great a growth would spring from the seed they planted; they would have been surprised and incredulous if some soothsayer had told them that, just a hundred years later, a special Act of Parliament would be passed for the purpose of incorporating a body of several hundred Members of Lloyd's; and they would probably

have been horrified by the idea of a Committee demanding a substantial deposit from every Member who desired to write policies, and regulating in many details the conduct of his business. They were consciously taking one step, and one step only in a new direction; but it was on that one step that all the rest depended. Henceforth New Lloyd's was to be the property, not of the Master but of the Subscribers, and its leading frequenters were to be bound together in a formal association, controlling through their Committee the whole establishment.

CHAP. V
1771-1774

With this in their minds, the Subscribers had no intention of leaving to Fielding the selection of the new premises. A few weeks after the list was opened, a General Meeting was held of "the Subscribers to the Plan for the Building or Removing to another House for the more Commodious Reception of the Gentlemen Underwriters, &c.," the chair being taken by Mr. Martin Kuyck van Mierop.¹ The words above quoted from the minutes are noteworthy, for they define clearly the character and purpose of the new association. The Subscribers to New Lloyd's, as is shown by later minutes, were a miscellaneous collection of merchants, bankers, shipowners, underwriters, and insurance brokers, and it was not until the middle of the nineteenth century that the predominant position of the underwriters was formally recognised in the Constitution of Lloyd's. Nevertheless, it was the common interest of all these persons in marine insurance that had brought them together at Lloyd's Coffee House. Many of the merchants and bankers were themselves underwriters or brokers on the largest scale, and it was as "Gentlemen Underwriters," or as persons desiring to procure policies on their mercantile ventures, that they had set their hands to the subscription list.

Subscribers
take command.

¹ The exact date of the meeting is uncertain, owing to damage done to the Minute Book in the fire of 1838 at the Royal Exchange.

CHAP. V At this meeting, a Committee of nine, five to form a
 1771-1774 quorum, was elected for the purpose of carrying through the scheme, and was given full powers "to provide and Contract for a proper place whereon to carry the said Scheme into Execution," and to make calls on the Subscribers up to the full amount of their guarantee. The names of the nine gentlemen elected are worthy of preservation, for this was nothing less than the first Committee of Lloyd's:

The first
 Committee
 of Lloyd's.
 Jan., 1772.

Martin K. Van Mierop, John Wilkinson, John Townson, Joshua Readshaw, James Black, John Ewer, James Bourdieu, John Whitmore, Brook Watson.

Martin Kuyck
 van Mierop—
 first Chairman
 of Lloyd's.

There is no formal record of the election of the first Chairman of Lloyd's; but at all meetings of the Committee the chair was taken by Mr. Martin Kuyck van Mierop, who had presided over the General Meeting of Subscribers, and was probably one of the leaders in the secession of 1769.

The selection of suitable premises proved no easy task, and an entry in the Minute Book, following the minutes of the General Meeting, records that, "There have been several Meetings of the Committee, but as nothing was determined at any of them no Notice was taken of them." On March 30th, Fielding reported that he had, "in compliance with the Orders of the Committee," come to an agreement for taking over the lease of the house adjoining New Lloyd's; but it does not appear that this agreement was ever carried out. At the same time the question of taking over Will's Coffee House was under consideration. This was not, of course, the rendezvous of wits and poets in Covent Garden, but Will's Coffee House in Cornhill, a purely commercial establishment, the Master of which had recently died.

At this meeting on March 30th the Committee resolved to supply themselves with funds by making a

call of twenty per cent. on the Subscribers, "to be paid into the hands of Messrs. Boldero, Kendal, Adey and Kendal, in Lombard Street." They also resolved that the Book should be laid open at the bar of New Lloyd's for further subscriptions.

Will's, apparently, proved unsuitable, and on April 14th the Committee were considering two alternative plans: one for reconstruction of the house in Pope's Head Alley, and the other for acquiring and adapting two houses in Freeman's Court, Cornhill. The estimate for alteration of the existing house was for £1,200 "without any Ornaments at all," and the Surveyor added that, owing to the age of the building, this estimate was likely to be increased by unforeseen expenses. To acquire the unexpired leases of the houses in Freeman's Court and convert them into "a very neat and convenient Coffee House" would cost about £4,000, and there would be a rent of at least £250 a year to pay; but this plan promised to give more satisfactory accommodation, and negotiations were, accordingly, opened up with Magdalen College, Oxford, to whom the property belonged, and with the tenants of the houses, Messrs. Gomm and James.

The intention appears to have been to provide Mr. Gomm with accommodation in the reconstructed premises; but alternative accommodation had to be found for Mr. James, and it was decided to acquire the unexpired lease of a third house in Freeman's Court, held by a Mr. John Lasley, or Leslie, for this purpose. The negotiations dragged on throughout the remainder of the year 1772, but in December a draft lease was received from Magdalen College, and by April, 1773, matters were so far advanced that Mr. Lasley's lease was actually purchased for £105. There was some hitch, however, in the negotiations with the College, and in June, 1773, fresh negotiations were opened for a house occupied by Messrs. Raymond and Co. in Corn-

CHAP. V
1771-1774

The search
for premises.
1772-3.

CHAP. V hill. This scheme also fell through, and in the autumn
 1771-1774 of 1773 the Committee were in the unpleasant position
 of having Lasley's house on their hands for about four
 years, without having made any real advance in the
 finding of new premises.

Angerstein's
 intervention.
 Nov., 1773.

The next, and decisive stage in the proceedings opens
 with an entry of November 3rd, 1773, in the Minute
 Book of the "Sub Committee for Gresham Affairs"—
 The Gresham Committee of the Mercers' Company:
 "Mr. Angurstine (*sic*) from the gentlemen who attend New Lloyd's
 Coffeehouse Attended to be informed if there was any large room to be
 lett over the Exchange. The Committee Ordered the Clerk with the
 Surveyor to let Mr. Angurstine view the two Rooms late in lease to the
 British Fishery."

John Julius Angerstein, who here makes his first, but
 not his last appearance in this history, was a member
 of a reputable Hanoverian family who took their name
 from the little village of Angerstein, near Göttingen. A
 branch of this family had emigrated to Russia, for
 business reasons, in the early part of the eighteenth
 century, and John Julius himself was born at St.
 Petersburg in 1735. As Hanoverians, the Angersteins
 were, of course, subjects of the House of Guelph, and
 the Russian branch of the family, as well as the original
 stock, seem to have been engaged mainly in trade with
 this country. At the age of fourteen, or thereabouts,
 John Julius was sent to London under the patronage
 of an eminent Russia merchant, Mr. Andrew Thomp-
 son, in whose counting house he served his apprentice-
 ship to commerce. He was evidently regarded as a
 pupil rather than a clerk, and on coming of age, he was
 introduced to Lloyd's Coffee House, where he ac-
 quired a strong taste for the marine insurance side of
 the business, and showed exceptional capacity in its
 conduct. Angerstein, indeed, was something more
 than a skilful underwriter and insurance broker. He
 was a man of notable ability, high character, and culti-
 vated taste; but any references to his activities as the



*To the Right Honourable WILLIAM PITT, first Lord of the Treasury, Principal Secretary of State,
 (and) CHANCELLOR of the EXCHEQUER, this House, Respective View of the Outside of the Royal Exchange, in L O N D O N,
 is by Permission humbly Dedicated by his most Gracious, Noble, and most Obliged Servant, J. Goussier*

trusted financial adviser of William Pitt and a liberal patron of the arts, may be postponed to the narrative of later years, when his standing and influence at Lloyd's were such as scarcely three other men have acquired during its long history. In 1773 he was about thirty-eight years of age, an insurance broker with an office at 71, Old Broad Street, and already a man of mark in the marine insurance world, as is seen from his active participation in the affairs of New Lloyd's, to which he was one of the original subscribers.¹

According to the account in a biographical notice of Angerstein published in 1804, his appearance before the Gresham Committee was due entirely to his own initiative, and the subsequent negotiations were carried through by him, on behalf of the Subscribers, without reference to the Committee at New Lloyd's: "He called a meeting of the subscribers, and having obtained their consent to be invested with a temporary authority, he, in his *own* name, procured for *their* accommodation, the large and lofty apartments occupied by 'The British Herring Fishery'."²

Angerstein
and the
Committee.

This has been interpreted by later writers as implying that Angerstein made himself personally responsible for the rent of the premises; but the Committee of New Lloyd's were men of too much standing to need any such guarantee, and the account quoted is directly contradicted, in certain respects, both by the records at Lloyd's and by the Minutes of the Gresham Committee. It is clear, however, that Angerstein took a leading part in the transaction, and it would be perfectly in accord with his reputation for enterprise and foresight that he should take a longer and wider view of the possibilities of New Lloyd's than his fellow-

¹ The chief authorities for Angerstein are articles in *Public Characters of 1803-1804*, London, 1804, pp. 385-404, and *The Annual Biography and Obituary for the year 1824*, London, 1824, pp. 275-98. The second of these is, in large part, a reprint from *Public Characters*, a very useful but not completely trustworthy source. Some details in the text are taken from a letter written by Mr. Karl Angerstein, a descendant of John Julius, in 1922. The address is from *Kent's Directory*. Before removing to Broad Street, Angerstein had an office at 1, Cowper's Court, Cornhill. In 1770 and 1771 he gave an alternative address at Tom's Coffee-House.

² *Public Characters of 1803-4*.

CHAP. V Subscribers, and should be the first to realise how greatly its prestige and influence might be extended by bringing it under the roof of the Royal Exchange.

Agreement
for premises
in Royal
Exchange.
Nov., 1773.

At the next Committee Meeting, on November 16th, Angerstein, although not a member of the Committee, attended to report the result of his mission, and on the following day, the Gresham Committee entered into a definite agreement with Angerstein, Wilkinson, Ewer, and Readshaw, who signed "for ourselves and the rest of the Committee for New Lloyd's Coffee-house," for a twenty-one years' lease at £160 per annum. It does not appear, however, that Angerstein signed the actual lease, which was made out in the names of the nine members of the Committee.¹

On November 18th the Surveyor to the Mercers' Company attended with a plan of the proposed Coffee House, and the Committee resolved that Lasley's house should be let, and that "Mr. Fielding do make enquiry for some person to take the present New Lloyd's Coffee House of (*sic.*) his hands." At the same time they called a General Meeting of "The Gentlemen Subscribers and others" for November 24th.

The report presented by the Committee at this meeting was approved, *nemine contradicente*; but there was one among the "Gentlemen Subscribers" who wanted his money back, having paid his call of £20 "under a presumption that he was to be entitled to the Benefits arising from the Profits of the New Coffee House." This frugal-minded gentleman, whose name is unfortunately lost to us, received his draft for £20; but he stood alone in his eagerness for profits. The object of the Subscribers was not a lucrative investment; they were perfectly willing that Fielding should make whatever he could by catering for their requirements.

¹ In a minute of January, 1779, Messrs. Townson, Ewer, Readshaw, Whitmore, Watson, Black, and Bourdieu are described as "the surviving gentlemen responsible to the Mercers Company for fulfilling the terms of the lease." Van Mierop and Wilkinson were then dead. Angerstein was not elected to the Committee until 1786.

What they wanted was to secure suitable and private accommodation, and to obtain such control over the establishment as would ensure them against any repetition of the scandals and discomforts of their last years in Lombard Street. CHAP. V
1771-1774

The means by which this object was to be achieved were defined, on March 4th, 1774, at the last General Meeting of the Subscribers to be held in Pope's Head Alley. From the resolutions passed at this meeting it appears that Fielding had agreed to take his head waiter, Thomas Tayler, into partnership, on terms agreed between themselves and the Committee. Subject to payment of the rent (£20 higher than that originally agreed) for which the Committee were responsible to the Mercers' Company, the Masters were to divide the profits of the business, three-fourths to Fielding, and one-fourth to Tayler. They were also to divide equally between them one-half the fees of the next head waiter, he himself taking the other half. In the event of Fielding's death, the Subscribers promised to provide for his wife and family either by a share in the profits, or by an annuity chargeable thereon, at their discretion. This is important, as it shows that the Subscribers, while taking no part of the profits of the house, regarded them as completely under their control.

The Masters
become tenants
at will to the
Subscribers.
Mar., 1774.

Thos. Fielding
and Thos. Tayler,
Joint Masters.

This control is emphasised in the second, and crucial resolution:

"That the said Thomas Fielding and Thomas Tayler become Tenants at Will to the Subscribers to New Lloyd's Coffee House, paying them the Annual Rent of One Hundred and Eighty Pounds and that the Subscribers be at the Expence of fitting up the New Coffee House &c, and that they Reserve to themselves the Power to Turn out, Replace, or make such Alterations as they shall think the Merits of the Parties may require."

This is not strictly grammatical, but its purport is clear; the Masters are to carry on the business for their own profit; but subject to the approval and directions of the Subscribers, who may vary or terminate

CHAP. V the arrangement at their own discretion and without notice.
1771-1774

A few minor regulations follow. The house is to be shut at 8 p.m.; no "Chairs" (*i.e.* Sedan chairs) are to be brought in to either of the Coffee Rooms; the subscriptions of all bankrupt Subscribers are to be returned to their Assignees and Trustees; a list of the Subscribers is to be framed and hung up in the Subscribers' Room.

Condemnation
of gaming
insurances.
Mar., 1774.

Then follows a resolution condemning the "shameful practices" of making speculative insurances on lives and on Government securities, which had brought Old Lloyd's into disrepute. The latter were notoriously calculated for the purpose of stock jobbing and tended to weaken public credit; the former were still more severely condemned:

"It is endangering the lives of the Persons so insured, from the Idea of being Selected from Society for that inhuman purpose, which is being Virtually an Accessary (*sic*) in a Species of Slow Murder." "It is therefore hoped," the resolution continues, "the Insurers in general will refuse Subscribing such Policies and that they will show a proper Resentment against any Policy Broker who shall hereafter tender such Policy to them."

It may be noted that insurances on the public funds were already prohibited by law, though the prohibition was not wholly effective. Insurances on lives or events in which the party making the insurance had no real interest, were declared null and void by an Act passed in this very year; but whether this Act was passed as a result of the resolution, or the resolution was an intelligent anticipation of the Act, is by no means clear.¹

Subscribers'
power to call
General Meetings.
Mar., 1774.

The last resolution of March 4th was perhaps the most important of all; it was to the effect:

"That any 12 Gentlemen Subscribers have the power to call a General Meeting of the Subscribers, for the purpose of making any new Regulations or Alterations, giving 7 days Notice to the Committee."

With the passing of these resolutions Lloyd's became an established institution. The Subscribers were now

¹ 14 Geo. III, c. 48.

no longer merely frequenters, but the owners of New Lloyd's Coffee House; the Masters had become their servants. The Subscribers themselves were now an organised body, governed by regulations of their own making, and if those regulations were rudimentary, they provided the necessary machinery for any amount of addition or amendment.

CHAP. V
1771-1774

On Saturday, March 5th, 1774, the shutters were put up for the last time at New Lloyd's Coffee House in Pope's Head Alley, and on the following Monday, the new premises, over the North West Corner of the Royal Exchange, were opened for business. These premises comprised two Coffee Rooms, a kitchen, and a small room for the use of the Committee. Of the two Coffee Rooms, the first, 55 ft. 2 in. long, 15 ft. 6 in. wide, and 17 ft. 6 in. high, was a public room, open to all customers of the House. The inner room, 48 ft. 8 in. long, 20 ft. wide, and 20 ft. 3 in. high, was reserved for the use of the Subscribers, and was fitted up with all due magnificence, as we may gather from the addition of two extra lustres to the "Great Lustre" in the centre of the room.

Removal to
Royal Exchange.
7 Mar., 1774.

It is clear, from contemporary references, that these new quarters were regarded as a vast improvement on the old premises at Pope's Head Alley, and fully worthy of the dignity of Lloyd's. An underwriter of to-day might be revolted by the very primitive sanitary arrangements—the Committee arranged with the Committee of Warehouses of the East India Company for "leave to Carry a pipe for a Necessary in their Cess Pool"—but there was nothing in these to offend the eighteenth century mind. Even in the eighteenth century, however, the new quarters soon began to appear a little cramped. It will be remembered that the original Subscription Book had been laid open at the bar since March, 1772, and in February, 1774, just prior to

CHAP. V the move, a special appeal was circulated to the fre-
 1771-1774 quenters of the house in Pope's Head Alley. As a result, the original list of 79 Subscribers had grown, by April, 1774, to 179, and every year after the move brought a new accession of strength. Moreover, it was found very difficult, in practice, to keep non-subscribers out of the Room. The result was an appalling congestion on a floor space of only about 970 square feet. The Subscribers were certainly justified of their foresight in excluding Sedan chairs from the premises, and it is not surprising to find the Committee, in January, 1778, taking into consideration the "crowded and disordered state of the Great Room." The result of their deliberations was a resolution:

"That Nothing shall be sold to any Person in the Great Room, which shall be deemed the Subscribers Room and kept for their Sole Use and benefit, and that a Board shall [be] put, over the Door parting the two Rooms, in the Public Coffee Room on which shall be wrote,—Subscribers and their Connections only are to be admitted into the within Room."

A waiter was also stationed at the door to exclude unauthorised intruders.

Life membership
 for lump sum
 payment of £15.

Admission to the Subscribers' Room was not, at this time, dependent on an annual subscription, but on a lump sum payment. It will be remembered that a call of £20 had been made, in 1772, on the original Subscribers. The same amount, £20, was demanded from all subsequent adherents until April, 1774, when the removal accounts were wound up. The cost of alterations, fittings, and incidentals to that date was about £1,700. In addition, the Committee had been obliged to repay Fielding £500, paid to one Joseph Birks for taking the lease of No. 5, Pope's Head Alley off his hands. It is to be hoped that Mr. Birks had the prudence to take out a fire policy, for No. 5, Pope's Head Alley was one of eighteen houses burnt down in the big Cornhill fire of 1779.¹ The Committee had also

¹ Sewer Rate Book, Guildhall MS., 2137/16.

to discharge various smaller payments in connection with the houses in Freeman's Court; but after meeting all liabilities, they were able to return £5 to each of the 179 Subscribers, thus reducing the amount of their subscription to £15. This sum, and no more, was demanded from subsequent Subscribers, and for this payment of £15 down the Subscriber was entitled to a life membership of Lloyd's, admission to the Subscribers' Room, and the right to vote at general meetings. It is true that he paid also a small annual subscription to the Masters and Waiters, but this was paid by all regular frequenters of the Coffee House; it had nothing to do with the funds of Lloyd's. The Underwriting Member of to-day, who pays his Entrance Fee of £500 and his Annual Subscription of £30, may be pardoned for thinking, with some envy, of the cheap rate at which his predecessors secured their privileges.

If he were wise, the Subscriber paid also his subscription to *New Lloyd's List*, which remained a perquisite of the Masters. For his further information there was exhibited on a stand in the Subscribers' Room, a big volume bound in green vellum, which is still preserved in the archives of Lloyd's. This volume, a Loss and

CHAP. V
1771-1774

The Arrival
and Loss Book.



LABEL OF ARRIVAL AND LOSS BOOK, 1774.

CHAP. V Arrival Book in one, affords a startling contrast to the
 1771-1774 mass of information now daily exhibited in the books
 and on the notice-boards at Lloyd's. From half a page
 to a page and a half, filled with widely spaced entries
 in a large hand, sufficed for the shipping news of a day.
 But, meagre as its information may seem to us, "The
 Book" (so called in a Minute of 1778) was an innova-
 tion in 1774, and the underwriters who crowded round
 it felt, no doubt, that their £15 had been well spent.

Decay of Old
 Lloyd's Coffee
 House.
 1774-85.

There was no such "Book" and no such room re-
 served exclusively for the transaction of marine insur-
 ance business at Old Lloyd's Coffee House, where
 Messrs. Lawrence and Baker still carried on a losing
 fight. With the secession of men like Angerstein and
 Van Mierop to Pope's Head Alley, the glory had de-
 parted from the once famous house in Lombard Street,
 and the Subscription of 1771, followed by the removal
 of New Lloyd's to the Royal Exchange, must have
 hastened its decline. No mere "Coffeeman" could
 make head, in catering for the business interests of the
 shipping and mercantile community, against the
 wealthy and influential association of merchants, un-
 derwriters, and brokers who were now the real pro-
 prietors of New Lloyd's. Some policies, no doubt,
 were still subscribed in Lombard Street—as they were
 subscribed in the public Coffee Room at New Lloyd's,
 by men who were too mean, or too short-sighted to pay
 their £15 subscription—but it is probable that Law-
 rence and Baker were forced more and more to rely on
 the casual custom of ordinary coffee-house frequen-
 ters. How completely the patronage of the leading
 underwriters had been transferred to New Lloyd's is
 shown by the fact that, in 1779, the Subscribers, acting
 as a body, were able to settle and enforce the printed
 form of policy which, with only two or three impor-
 tant additions, is still in use. It is almost equally sig-
 nificant that the writer of a work on insurance law and

Tuesday 8th March S.W

1 French

Neptune Coffin Boston Dove
 Pitt Bridger Lisbon River
 Lydia Wood London Boston
 Success Halfpight a^e Island
 Triolly Johnson Phil^a
 Fanny Barron Virginia } Leaz
 Elizabeth Myhr London Rotterdam

1 Holland

Empress Maria Flya Lord of Yarm Lighorn
 The Return. Guppy from Grenada to N. England foundered at sea, the Capt. & Crew
 were taken up by the Polly, Jackson from Grenada who is arriv^d at Portm^o in N. England

~~Portm~~
 Prospect Norwood Petersburg Portm Lighorn
 Edward Wood } Portm^o D
 Dingley Brown }

Wednesday 9th March E

4 Irish

Hannah Johnson London Rotterdam
 Clavering Taylor D. D.
 Elizabeth Young Carolina Portm^o
 Active Plowman London Hambro
 The Juno Hamman from Genoa is lost at the Mouth of Elbe

practice, published in 1781, invariably refers to the CHAP. V establishment at the Royal Exchange simply as 1771-1774 "Lloyd's Coffee House," although the Subscribers themselves always retained the distinctive title "New Lloyd's Coffee House," and the old house in Lombard Street was still open, under its original title.¹

The struggle for a share in the sale of ships and the general business of a commercial coffee-house lasted a little longer. Unfortunately no complete file of the *Public Ledger*, the chief medium for advertisements of ship sales, has been preserved, but the scattered copies in the Burney Collection throw some light on the gradual transfer of this side of the business. In the issue for 15th January, 1774, for instance, there are advertisements of two sales of ships at "Old Lloyd's Coffee House, Lombard Street," and three sales of ships and two of goods at "New Lloyd's Coffee House, Pope's Head Alley." It is significant too, that advertisements for the paper were taken in at both houses. *Lloyd's Evening Post*, on the contrary, had substituted "New Lloyd's Coffee House in Pope's Head Alley" for the original address, so early as March 22nd, 1769, and replaced this, on June 7th, 1775—rather late in the day—by "New Lloyd's Coffee House over Royal Exchange."² The *Public Advertiser*, in which Lawrence and Baker had advertised so freely in 1769, remained faithful to the old house.

Ship Sales at
Old and New
Lloyd's.

By 1778 the balance had come down decisively on the side of New Lloyd's. The *Public Ledger* for December of that year contains almost daily advertisements of ship sales at New Lloyd's—the issues for December 5th and 22nd respectively, each contain eight such announcements—but the only sales at "Old Lloyd's Coffee House" are of two ships and an East India-

¹ Jno. Weskett, *A Complete Digest of the Theory, Laws, and Practice of Insurance*, 1781.

² A rival newspaper, *The London Packet or New Evening Post*, founded in or about 1770, changed its name in 1772 to *The London Packet and New Lloyd's Evening Post*; but there is nothing in the contents of this paper to connect it in any way with New Lloyd's Coffee House.

CHAP. V man's stores. Advertisements are still taken in at
1771-1774 "Lloyd's Coffee House, Lombard Street" (the word
"Old" being dropped in the notice) as well as at the
Royal Exchange.¹

End of Old
Lloyd's Coffee
House.
? 1785.

The last ship sale at the old house that has been traced took place in January, 1783, when the good ship *Wagter*, an American prize of about 350 tons, was sold "at Old Lloyd's Coffee House in Lombard Street" by order of the Admiralty Court.² Some time between this date and 1786, the end came. In the Sewer Rate Book for 1783, Thomas Lawrence still appears as occupier of No. 16, Lombard Street. The book for 1784 is missing; but in 1785 the house is described as "empty, late Thomas Lawrence."³ The rate was made on September 30th of that year, but the words "empty, late" appear to have been added subsequently by another hand, perhaps that of the collector. The *Public Advertiser* continued to announce that "Advertisements are also taken in at Lloyd's Coffee House in Lombard Street" until May 25th, 1786; but the long delay in altering the notice in *Lloyd's Evening Post*, after the removal of New Lloyd's to the Royal Exchange, shows that this is not conclusive evidence.

It is quite possible that the old *Lloyd's List* had predeceased Old Lloyd's Coffee House; but *New Lloyd's List* retained its distinctive title until the end of the year 1788. On July 29th of that year probate was granted to one Mary Lawrence of a will, dated June 6th, 1786, made by her husband, Thomas Lawrence, of Tower Street, in the Parish of St. Dunstan in the East. From the widow's name it looks as if this was our Thomas Lawrence who, as has been seen, had never resided at the house in Lombard Street, and it was probably as a result of Lawrence's death that, from

¹ 12, 16, 17, 25 December. Advertisements were also taken "at Old Lloyd's" for the *Morning Chronicle* in 1779.

² *Morning Chronicle*, 22 January, 1783.

³ Guildhall MS., 2137/20 and 24.

January 1st, 1789, *New Lloyd's List* dropped the "New" from its title, and appeared simply as *Lloyd's List*. The term "New Lloyd's" continues, however, to appear in the Minute Books so late as 1794.

Lawrence had, at least, the poor satisfaction of outliving the ex-waiter who had been the means of so much injury to his business. Thomas Fielding had no long enjoyment of his three-fourths share in the profits of "New Lloyd's Coffee House over the Royal Exchange," for he died on January 11th, 1778, and at a Committee Meeting on January 15th, Tayler was appointed as sole Master "under the Orders of the Committee," subject to his paying an annuity of £100 a year, out of the profits of the House, to Fielding's widow and children.

Death of
Thos. Fielding ;
Tayler sole
Master.
Jan., 1778.

A heavier blow, recorded at the same meeting, was the death of Mr. Martin Kuyck van Mierop, who had presided over the business of the Committee since its election in 1772, and may rightly be regarded as the first Chairman of Lloyd's. In his place the Committee, who seem to have considered themselves entitled to fill up any vacancies, subject to subsequent confirmation by the general body of subscribers, elected Mr. Alderman George Hayley, a well known underwriter, whose name came into prominence, so early as 1764, in the case of the *Mills Frigate*. Hayley appears to have replaced Van Mierop, not only as member, but also as Chairman of the Committee, and it was under his guidance that the next great step in the history of Lloyd's was taken. This step, the settlement of Lloyd's Policy, deserves a chapter to itself.

Death of Van
Mierop. Ald.
Hayley as
Chairman.
Jan., 1778.

CHAPTER VI.

THE DEVELOPMENT OF LLOYD'S POLICY.

1523-1779.

A policy of marine insurance as filled in and subscribed by Lloyd's underwriters to-day is probably the most singular and interesting document used in the world's commerce. Its basis is a printed form of no great length which constitutes the "Lloyd's Policy" proper. Short as it is, this form contains a good deal of apparent tautology; blanks that no one ever dreams of filling up; clauses, superfluous to most insurances, that no one ever troubles to strike out. It leaves many of the contingencies of modern commerce wholly unprovided for; yet purports to give assurance against risks that are now uninsurable, or the subject of special contracts. These defects and omissions are made good by additional clauses written, stamped, or gummed on the policy, which explain, amplify, and frequently contradict the terms of the policy itself. These additional clauses are often printed and gummed on in batches, including many that are entirely irrelevant to the particular transaction in question.

As the necessity for this strange patchwork arises from the fact that the bulk of the printed policy now in use follows, not merely clause by clause, but word by word, a form "revised and confirmed" at New Lloyd's in January, 1779, it will be convenient to print it here, before enquiring into the circumstances and effects of that revision, the reasons for adhering to it, or the earlier history of the printed policy. In the reprint which follows, all words added to the form of 1779 are printed in italics. In all other respects the two forms are identical, except that the policy of 1779 began with the pious preface, "In the name of God,

Amen” instead of “Be it known that,” and bore in the margin, where the seal of the Corporation now appears, the following note: CHAP. VI
1523-1779

“Printed according to the Form revised and confirmed at New Lloyd’s on the 12th day of January, 1779.”

The present policy runs as follows:

LLOYD’S MARINE INSURANCE POLICY. Lloyd’s Policy.

No Policy or other Contract dated on or after 1st Jan., 1924, will be recognised by the Committee of Lloyd’s as entitling the holder to the benefit of the Funds and/or Guarantees lodged by the Underwriters of the policy or contract as security for their liabilities unless it bears at foot the Seal of Lloyd’s Signing Bureau.

BE IT KNOWN THAT

as well in *their* own Name, as for and in the Name and Names of all and every other Person or Persons to whom the same doth, may, or shall appertain, in part or in all, doth make assurance and cause *themselves* and them and every of them to be insured, lost, or not lost at and from upon any kind of Goods and

Merchandises, and also upon the Body, Tackle, Apparel, Ordnance, Munition, Artillery, Boat and other Furniture, of and in the good Ship or Vessel called the whereof is Master, under

God, for this present Voyage or whosoever else shall go for Master in the said Ship, or by whatsoever other Name or Names the same Ship, or the Master thereof, is or shall be named or called, beginning the Adventure upon the said Goods and Merchandises from the loading thereof aboard the said Ship as above upon the said Ship, &c., as above

and shall so continue and endure, during her Abode there, upon the said Ship, &c.; and further, until the said Ship, with all her Ordnance, Tackle, Apparel, &c., and Goods and Merchandises whatsoever, shall be arrived at as above upon the said Ship,

&c., until she hath moored at Anchor Twenty-four Hours in good Safety, and upon the Goods and Merchandises until the same be there discharged and safely landed; and it shall be lawful for the said Ship, &c., in this Voyage to proceed and sail to and touch and stay at any Ports or Places whatsoever and wheresoever for all purposes without Prejudice to this Insurance. The said



Any person not an Underwriting Member of Lloyd’s subscribing this Policy, or any person uttering the same if so subscribed, will be liable to be proceeded against under Lloyd’s Acts.

S.G.

£

Printed at Lloyd’s, Royal Exchange.

(No.

CHAP. VI
1523-1779

Ship, &c., Goods and Merchandises, &c., for so much as concerns the Assured by Agreement between the Assured and Assurers in this Policy, are and shall be valued at

Touching the Adventures and Perils which we the Assurers are contented to bear and do take upon us in this Voyage, they are, of the Seas, Men-of-War, Fire, Enemies, Pirates, Rovers, Thieves, Jettisons, Letters of Mart and Countermart, Surprisals, Takings at Sea, Arrests, Restraints and Detainments of all Kings, Princes, and People, of what Nation, Condition or Quality soever, Barratry of the Master and Mariners, and of all other Perils, Losses and Misfortunes that have or shall come to the Hurt, Detriment, or Damage of the said Goods and Merchandises and Ship, &c., or any Part thereof; and in case of any Loss or Misfortune, it shall be lawful to the Assured, their Factors, Servants, and Assigns, to sue, labour, and travel for, in and about the Defence, Safeguard and Recovery of the said Goods and Merchandises and Ship, &c., or any Part thereof, without Prejudice to this Insurance; to the Charges whereof we, the Assurers, will contribute, each one according to the Rate and Quantity of his sum herein assured. *And it is especially declared and agreed that no acts of the Insurer or Insured in recovering, saving, or preserving the property insured, shall be considered as a waiver or acceptance of abandonment.* And it is agreed by us, the Insurers, that this Writing or Policy of Assurance shall be of as much Force and Effect as the surest Writing or Policy of Assurance heretofore made in Lombard Street, or in the Royal Exchange, or elsewhere in London.

Warranted free of any claim based upon loss of, or frustration of, the insured voyage, or adventure, caused by arrests, restraints or detainments of Kings, Princes or Peoples.

And so we the Assurers are contented and do hereby promise and bind ourselves, each one for his own Part, our Heirs, Executors, and Goods, to the Assured, their Executors, Administrators, and Assigns, for the true Performance of the Premises, confessing ourselves paid the Consideration due unto us for this Assurance by the Assured

at and after the Rate of

IN WITNESS whereof, we the Assurers have Subscribed our Names and Sums assured in LONDON.

N.B.—Corn, Fish, Salt, Fruit, Flour, and Seed are warranted free from Average, unless general, or the Ship be stranded; Sugar, Tobacco, Hemp, Flax, Hides, and Skins are warranted free from Average under Five Pounds per Cent.; and all other Goods, also the Ship and Freight, are warranted free from Average under Three Pounds per Cent., unless general, or the Ship be stranded.

(In the event of accident whereby loss or damage may result in a claim under this Policy, the settlement will be much facilitated if immediate notice be given to the nearest Lloyd's Agent.)

The above is known as the "A" form of policy. A CHAP. VI
second "B" form contains the additional clause: 1523-1779

"Warranted free of capture, seizure, arrest, restraint, or detainment, and the consequences thereof or of any attempt thereat (piracy excepted), and also from all consequences of hostilities or warlike operations whether before or after declaration of war.

Should the above clause be deleted, the following clause is to operate as part of this Policy:—

Warranted free of any claim based upon loss of or frustration of, the insured voyage (as above)."

It will be observed as a pleasant feature of this venerable document that, although the actual insurance may be made on the hull and equipment of a ship, or on a particular item of her equipment, or on her cargo, or on one only of several hundred parcels comprised in that cargo, it is still described, so far as the printed policy is concerned, as made "upon any kind of Goods and Merchandises, and also upon the Body, Tackle, Apparel, Ordnance, Munition, Artillery, Boat and other Furniture" of the vessel. The actual subject matter of the insurance will, of course, be expressed in writing. The name of the "Master, under God" is, in practice, invariably left blank—no great omission in view of the elaborate proviso that follows.

Archaisms and omissions.

The description in the policy is obviously a survival from the days when one man commonly owned both ship and goods, when all merchantmen went armed, and when only one ship's boat was carried. The list of "Adventures and Perils"—enough to appal the stoutest heart—also contains some items, such as "Letters of Mart and Countermart," that have a somewhat antiquated flavour; but most of them remain possible contingencies of a sea-voyage, and they include some that the modern underwriter is unwilling to face. Having solemnly accepted the risks of "Enemies . . . Surprisals, Takings at Sea, Arrests, Restraints, and

CHAP. VI Detainments of all Kings, Princes, and People," he promptly proceeds to modify his liability by the "Frustration Clause" added in 1919, and printed in italics above, or the "F.C. and S." (Free of Capture and Seizure) Clause in the "B" policy.

Strictures on
the policy.

Sir Douglas Owen has remarked that, "If such a contract were to be drawn up for the first time to-day it would be put down as the work of a lunatic endowed with a private sense of humour."¹ He was referring more particularly to this direct contradiction of the terms of the printed policy by additional, over-riding clauses, either printed or written; but the whole printed policy itself has long been the subject of biting judicial comment. So early as 1791, Mr. Justice Buller laid down the sweeping proposition that, "A policy of assurance has at all times been considered in courts of law as an absurd and incoherent instrument."² The "free of capture" clause, and especially the words "free from all consequences of hostilities or warlike operations," have recently been subjected to severe criticism by a learned Judge, who observes that the clause is more than sixty years old. It has, however, been modified since the *Cape Hatteras* case, and modified under the best legal advice obtainable. Perhaps a more favourable view might be taken of the clause when it is remembered that war is full of surprises, and that to provide specifically for every contingency is beyond human imagination. The framers were probably instructed to produce a form of words which would relieve the underwriters, as far as possible, from responsibility for all the new perils which a state of war would produce.

Defence of
the policy.

When merchants, shipowners, and underwriters continue to employ, in transactions amounting to hun-

¹ *Ocean Trade and Shipping*, Cambridge, 1914, p. 158.

² In *Brough v. Whitman*, quoted by W. M. Eldridge, *Marine Policies*, London, 1924, p. 56.

dreds of millions of pounds every year, an “absurd and incoherent instrument,” suggesting the humour of a lunatic, it may reasonably be supposed that they have some grounds for their persistence. The merits of Lloyd’s policy are, in fact, quite independent of its drafting. Indeed, it never was drafted as a complete instrument. A great deal of it goes back, at least, to the sixteenth century. It took shape during the second half of the seventeenth century and the first half of the eighteenth, when a common, printed form was gradually evolved from the wide variety of policies till then employed. It underwent a very conservative revision in 1779, the whole object of which was, not to draft an elegant or logical document, but to preserve the common form already in use. Hence almost every clause in the printed Lloyd’s policy of to-day has been consecrated by centuries of usage. However clumsily it may be expressed, its meaning is clear, because it has “generations of legal interpretations hanging almost to every word, and almost certainly to every sentence.”¹

A Committee of lawyers and insurance experts could, no doubt, put much of it into clearer and more logical language; but then the leading cases decided on the old form would cease to be binding precedents, and the moment a dispute arose, the whole business of litigation would begin again. It is for this reason that the body of the policy has long been regarded as sacrosanct; not to be altered on any consideration whatever, and only to be enlarged in case of great necessity. The over-riding or extra clauses written, stamped, or gummed on each policy to provide for contingencies unthought of in 1779, may require scrutiny by the insurers and the insured; but so far as the actual policy is concerned, all parties know definitely to what it commits them.

CHAP. VI
1523-1779

Reasons for
adhering
to old form.

¹ Sir Douglas Owen, *op. cit.*, p. 155.

CHAP. VI The most extreme instance of the conservatism
 1523-1779 shown in all dealings with the policy of marine insurance since 1779, is the retention of the mystic letters "S.G." at the head of the policy, long after every trace of their significance had vanished. To quote Sir Douglas Owen, writing in 1914:

The "S.G."
 mystery.

"Nobody knows of a certainty what these cabalistic letters mean, but this, in the case of such a document, would obviously be no reason for their omission. They may mean 'Ship and Goods,' they may mean 'Salutis Gratiâ,' they may mean—and practically do mean—nothing."¹

For over half a century the ingenuity of writers on Lloyd's and Marine Insurance has been lavishly expended in the attempt to extract some meaning from this enigmatical symbol. Manley Hopkins, in his *Manual of Marine Insurance*, 1867, rejected "*Salutis Gratiâ*" (for the sake of safety), and plumped for the more matter of fact "Ship and Goods." He was followed by Mr. Gérard van de Linde, in a lecture of 1887, and by Messrs. Gow, Chalmers, and Archibald, in their books on marine insurance. Sir Henry Hozier, Secretary of Lloyd's from 1874 to 1906, thought, on the contrary, that the interpretation "*Salutis Gratiâ*" was "tolerably clearly established."² Mr. W. E. Found came forward, more recently, with "*Salva Guardia*" (safeguard), or "Sterling Gold," and provoked a correspondence in the *Spectator*, leading to the further suggestions of "*Sicurata Generale*" (general security) and "*Syngraph*" or "*Syngraphus*" (from *sun* "with," and *grapho* "I write") indicating the signature of the policy by a number of independent underwriters. The use of Italian forms, such as "*Salva Guardia*" and "*Sicurata Generale*" would, of course be explicable by the Italian origin of marine insurance.

The fact that the letters are printed, in later policies, immediately above the figures representing the amount insured, gave rise to the conjecture that they

¹ Sir Douglas Owen, *op. cit.*, p. 157.

² *The Machinery of Lloyd's*, 1901.

stood for "*Somma Grande*" (Total amount) or "Sum CHAP. VI
guaranteed." Among other readings, more or less 1523-1779
confidently put forward, are "Signatories Guar-
anteed," "Security Guaranteed," "*Sigilli Gratia*," and
"Seals Guaranteed."

All this time the evidence needed to raise one of the earliest interpretations of "S.G." from a conjecture to a certainty, was lying buried in the massive volumes of the *Statutes at Large*. In the year 1795 an Act was passed to amend and consolidate the various laws relating to stamp duties on policies of marine insurance. By this Act the Stamp Commissioners were obliged to provide stamped, printed policies, for the use of brokers and underwriters, and all policies, whether provided by the Commissioners, or brought to them for stamping, were required to be in the forms set out in a schedule to the Act.¹

Solution of
the mystery.

These forms were five in number. Two of them were the ordinary forms of policy on ship and goods employed respectively by the London Assurance and the Royal Exchange Assurance Corporations; the other three were for the use of private underwriters. Of these, the third is a policy on ship and goods, which is identical, word for word, with the policy of 1779, except for the omission of the note "Printed according to the Form revised and confirmed at New Lloyd's," which was no longer necessary now that the use of this form was being made legally compulsory. It has the letters "S.G." in the margin.

The first policy is on Ship alone; the second on Goods alone, and both are in the same form as the third, except for the omission of words inapplicable to their special purpose. The Ship policy bears in the margin the single letter "S."; the policy on goods substitutes the letter "G." No policy on Ship alone has been preserved at Lloyd's; but there is, among the archives, a

¹ 35 Geo. III, c. 63.

CHAP. VI policy of 1783, on goods in the *Saint Anns* (but not on
1523-1779 the ship), which has the letter "G." above the marginal note.

From this it is clear that not one but three forms of policy were "revised and confirmed" by the Subscribers to New Lloyd's in 1779; that the forms of policy on Ship alone, and on Goods alone, were distinguished by the letters "S." and "G." respectively, and that "S.G." on the more inclusive form, means simply "Ship and Goods."¹

Had all three forms continued to be used in the nineteenth century, the great "S.G." mystery could hardly have arisen. The disappearance of the separate "S." and "G." forms was hastened, no doubt, by the Act of 1795. It would gradually be found inconvenient in practice, to keep on hand a sufficient stock of stamped policies in all three forms, and easier to use the more inclusive policy for all purposes. Thus the form originally employed only for policies on "ship and goods" became the one form of Lloyd's Policy, and the letters "S.G." remained to puzzle the curious in insurance history, long after their distinctive significance had passed away.

Character
of revision.
1779.

It has already been observed that the "Ship" and "Goods" policies are practically identical with that on "Ship and Goods" except for the omission of certain irrelevant words. There are also one or two very small and quite unimportant verbal variations, some of which are to be found also in the Corporation forms, and which suggest that three actual policies in the

¹ Since the above was written, the authors' attention has been drawn, by a letter from Mr. Ed. Bensly in *Notes and Queries*, N.S., Vol. CL, pp. 138-9, to a footnote in Underhill's *Encyclopædia of Forms and Precedents*, Vol. XIV, 1908, p. 150. This footnote explains S.G. as follows: "i.e., Ship and goods. Compare the different policies scheduled to 35 Geo. III, c.63, the forms being there marked S.G., S., and G., according to the things insured." The writer appears never to have seen an actual "S." or "G." policy, and the note is omitted in the second edition, 1925. The letter in *Notes and Queries* was answered (CLI, p. 193), by an adherent of "*Salutis Gratiâ*," claiming that the "Ship and Goods" interpretation was quite untenable.

“S.,” “G.” and “S.G.” forms were selected as models, CHAP. VI with the result of stereotyping all their little peculiarities of phrase or spelling.¹ 1523-1779

It is essential to any proper understanding of the attitude of the gentlemen at New Lloyd's, to remember that what they wished to do was to fix, not to draft a policy. Their models were forms that, possibly with some slight verbal variations, had long been in use at Lloyd's Coffee House. It lies outside the scope of this book to attempt any full account of the growth of the policy of marine insurance prior to its revision, and official adoption by New Lloyd's; but something must be said as to the stage of development at which it had arrived when Lloyd's Coffee House first began to exert a predominant influence over insurance practice, of the very important addition made to it during the great days of underwriting in Lombard Street, and of the events that brought about the revision of 1779.

The origins and early history of the marine insurance policy are still extremely obscure. There is definite evidence that marine insurance, in its modern form, was practised at Genoa, Pisa, and Florence in the first half of the fourteenth century,² but the earliest form of policy that has been preserved appears to be that contained in a Florentine ordinance of 1523.³ This policy is already in an advanced stage of development, and has a strong family resemblance in form to a Lloyd's policy of to-day. It specifies that N. has made Insurance to N., for an amount to be stated, on such and such goods loaded, or to be loaded in a named ship “or by whatsoever other name she shall go,” whereof is

Florentine
policy
of 1523.

¹ E.g. the “G.” policy adds after “any Kind of Goods and Merchandises” the words “*whatsoever loaden or to be loaden aboard,*” and begins the adventure “*from and immediately following* the loading thereof, &c.” There are other verbal variations but of little or no importance.

² *L'Origine des Assurances Maritimes*, par M. Paul Masson, Paris, 1925, pp. 2-3.

³ The policy is printed by Nicolas Magens in *An Essay on Insurances*, London, 1755, Vol. II, pp. 4-5.

CHAP. VI Master N. "or whosoever else shall go for Master." The
 1523-1779 duration of the adventure is defined in terms very similar to those now employed, and the perils clause has an astonishingly modern ring:

"The Insurers, with respect to the Risk of these Goods, take upon them all Dangers caused by the Sea, Fire and Jettison, Reprisals or Robberies of Friends and Foes, and all other Cases, Perils, Tempests, Disasters, Impediments and Misfortunes, even such as cannot be thought of, that may happen, or have happened, to these Goods: they are likewise answerable for Barratry of the Master; saving only the Stowage and the paying of Customs."

There is leave for the ship to "touch at any other Place," and "in case of Shipwreck, the Goods lost may be saved and recovered without Permission had of the Insurers." It is not stated that the Insurers will pay or contribute to the cost of salvage; but this may have been understood and thus the provision is an elementary form of the sue and labour clause. Losses are to be paid within two months from the receipt of news, and there is a provision, very common in early continental policies, that the "Insurers pay first of all the Sums insured, and then have Leave to go to Law" for its recovery, in the event of their disputing the claim. For due performance of these and the other provisions of the policy the Insurers bind themselves, their heirs, and "their present and future Substance."

The Customs of
 Lombard Street.

Compared with this, the earliest English policies are very sketchy and meagre. It is probable, however, that they were construed in the light of a body of customary law derived from the Italian merchants and financiers who gave their name to Lombard Street, and were, almost certainly, responsible for the introduction of marine insurance into this country. This customary law was, no doubt, based, originally, on the ordinances of the Italian republics, but was probably modified, in course of time, by the growth of local usages, and came to be known as the usage or custom of Lombard Street. The reference in our present poli-

cies to "the surest Writing or Policy of Assurance heretofore made in Lombard Street" serves to remind us both of the Italian origin of marine insurance law and practice, and of the fact that the earliest policies effected in this country were actually arranged and subscribed in Lombard Street itself. In the words of Aubrey, "Before the Royal Exchange was built by Sir Thomas Gresham, the merchants did meet in the street as now a dayes at the Exchange," and he quotes from James Peele's "Pathway to Perfectiones in th'Accomptes of Debitour and Creditour, in Manner of a Dialogue," where a merchant remarks, "It is now street time, wherfore I must begonne."¹ So widely known, indeed, was Lombard Street as the "Bourse" or Exchange of London, that in some early policies it is referred to merely as "the Strete of London," without its being considered necessary to name it more particularly.

The two earliest policies subscribed by English underwriters, of which we have any record, were made, in 1547 and 1548 respectively, on goods in Italian vessels, and the policies themselves were drawn up in Italian, although they were subscribed in English. Both are printed with contemporary translations, in Marsden's *Select Pleas in the Court of Admiralty*, where they are followed by four policies in English, dated respectively, 1555, 1557, 1558/9, and 1562/3.²

Early English
policies.

These six policies are all different in form, but have the same general characteristics, and are all very rudimentary in development. Their common features are simply the name or names of the Assured and of the ship and Master; the subject matter of the assurance; the duration of the adventure (differently defined in each policy),³ and a clause providing that the policy shall have

¹ Aubrey's *Brief Lives*, Ed. Clark, Oxford, 1898, Vol. II, p. 121.

² Vol. II, pp. 45-52.

³ The quaint wording of the policy of 1557 is worth recording. The adventure continues until the ship shall have arrived at Antwerp, "and shall there have surged by the space of xxiiij howres continuall."

CHAP. VI as much force as the best made in Lombard Street.¹

1523-1779 They contain no detailed list of perils; no license to "touch and stay"; no license to the Assured to "sue, labour, and travel" for safeguard or recovery of the ship or goods insured; no value clause, and no statement of the rate of premium, or acknowledgment of its receipt, either in the text or in the subscriptions.

Policies of
1547-59.

As already mentioned, these deficiencies are in part explained by the fact that the rights and obligations of Assurers and Assured were already defined by a settled body of customary law—the usage of Lombard Street—which was incorporated, by reference, in the policies themselves. The *Santa Maria* policy of 1547, for instance, has, instead of a perils clause:

"As for the aventure that the assurers shall stande at, it is to be understoode that this preasente writinge hath as muche forse as the beste made or dicted byll of surance which is used to be made in this Lombarde Streete of London."

Similarly the underwriters on the *St. John Baptist* in March, 1562/3, bind themselves,

"To all the ventures and chaunces that may contayne in the best bill of assuraunce that is used or may be made in this Lombarde Streete in London."

In the *Sancta Maria* policy of 1548 there is a still more explicit incorporation of the usages of Lombard Street:

"this Lombardstrete of London according to the order and customes whereof every oon that assureth as they that cause them to be assured or (*sic*) content to be bound."

George Hopton, who wrote £50 on goods in the *Mary Rose*, on February 1st, 1558/9, is equally explicit. The policy is in an unusual form, as Mr. Hopton, who was then in Bilbao, drew up the policy himself in the first person:

"Witnesseth this presente byll that I George Hopton cytyzene and draper of London do knowledge me to have assewryd and taken one me the adventure of fyfthe poundes of money of England apon suche

¹ In the *Sancta Crux* policy of 1555, the standard is the best policy made "in the strete of London or in the burse of Andwerp or in any other forme that shulde have more force."

goodes and merchaundyze as John Ravens cytyzen and grocere of London hathe ladene in the Marye Rose . . . And do beare all manere of casoltes and mesventores that may happen upone the same accordinge to the ordere of the poteses [?policies] of Lumbard Strete yf any myshape do chaunce to pay the same accordinge to the order of the poteses maid in the said Lumbard Strete."

CHAP. VI
1523-1779

These six policies are followed in Marsden by two others which, though very little later in date, show a considerably more advanced stage of development.¹ In 1563 "Master John Whyte Lorde Maior of London" insured a cargo of "ffrewte" and "ressouns" (fruit and raisins) shipped in the "*Jaymes of Ypswyche*," including all risks during discharge "whether yt be by boote barcke lighter or otherwise," and the policy contains a list of perils which is surprisingly complete, after the absence of any perils clause in the earlier policies:

A perils clause
of 1563.

"From the dawnger of the see ffrom ffyer and water men of warr hennemys cosaryes [corsairs] pyratres thyves lettars of marte baraitrye of master and maryners jettesonns retaignementt by kynge or prynce or by any by theyr aucthorety or by anye other persone or persones whom so evar (*sic*) and ffrom all other parrelles and dawngers whatt so ever.

It will be seen that this is not far from the perils clause in a Lloyd's policy of to-day.

The other policy was subscribed in London, on January 8th, 1565/6, on a French expedition to the West Indies and South America. The contemporary translation "owte of Frennshe" is a very bad one, which will not surprise anyone who has ventured on the translation of an early French policy; but it has several interesting features. There is the license to "sail forward, backward, to the right and left" usual in foreign policies of the time; together with several other clauses, such as that by which the Assurers "set themselves in the place of the Assured," which never crept into the English form. Apart from this, there is a rather imperfect list of perils (it omits jettison), a definite acknow-

French policy
of 1566.

¹ pp. 53-57.

CHAP. VI ledgment of the receipt of premium, and a clause
1523-1779 binding the heirs, inheritors, successors, and executors
of the underwriters.

Evolution of a
common form.

It is probable that the wide divergence between the different forms of sixteenth century policies represents not merely the growth of insurance law and practice, but the difference between documents drawn up by lawyers or notaries, and those drawn up, less formally, by the merchants or brokers. Towards the end of the century, however, some progress appears to have been made in the evolution of a common form. In a collection of legal precedents published in 1622 for the use of merchants, there is a form of marine insurance policy which appears to be the copy of an actual policy made in December, 1598. In its general outlines this bears a marked resemblance to a Lloyd's policy of today; but it is still in an early stage of development. There is no value clause, no mention of premium, and no license to touch and stay, or to sue and recover. The list of perils, however, is fairly well developed.¹

Policy of 1598.

'Tiger' policy.
1614.

Much more advanced is the *Tiger* policy of February 15th, 1613/14, of which a copy, apparently made for legal purposes, is preserved in the Tanner MSS. at the Bodleian. Here, amidst a good deal of old-fashioned verbiage, and a number of clauses relating to the special conditions of the voyage in question, may be found the main substance of the Lloyd's policy. The words "lost or not lost," which were to become a distinctive feature of English policies, appear for the first time.² There is license to touch and stay and to sue and recover; the rate of premium is stated, and its receipt acknowledged; the perils clause is practically identical with that in the Lloyd's policy, except for the omission of "surprisals, takings at sea," and the use of

¹ William West, *Symboleographie*, Part I, Edn. of 1622, Sec. 663.

² Park, *System of the Law of Marine Insurance*, 3rd. Edn., 1796, p. 25, notes that these words are peculiar to English policies.

the words "and all other persons" instead of "and people of what nation, condition or quality soever."¹ A similar clause, printed by Gerard Malynes in 1622, is said by him to be found "in all or most policies."²

A further stage of development is reached in a policy dated February, 1656/7, on goods from India in the *Three Brothers*, a ship chartered by the East India Company.³ The list of perils in this policy is in the full modern form, and there is a value clause, now partly illegible:

"The said goods and merchandises for the (.....) to be rated and valued at the sum of four hundred pounds (.....) to be given for the same."

Indeed the *Three Brothers* policy has only a few, mainly verbal differences from a "G." policy of 1779.

The *Three Brothers* policy, like all those previously mentioned, was entirely hand written; but it is probable that the printed policy was already known in London at this date. As the volume of insurance business increased, the advantages of a printed form must early have become obvious. Apart from the actual saving in time and labour, the use of print for those clauses which had come into general use, made it possible for all parties to see at once where, and how far, any particular policy deviated from the usual form. It is impossible to say exactly when and where the printed policy first appeared; but a Dutch policy of 1638, a translation of which is printed by Marsden, and a French policy of 1658, recently discovered at Marseilles, are both partly in print, although a good deal is left to be written in.⁴ The Dutch policy is probably a very early example, for the written portion repeats, with some additional verbiage, several of the printed

CHAP. VI
1523-1779

'Three Brothers'
policy.
1657.

Introduction of
printed form.

Foreign printed
policies of
1638 and 1658.

¹ Tanner MS. No. 74, fo. 32, printed by Martin, pp. 46-48.

² *Consuetudo Vel Lex Mercatoria*, pp. 150-1.

³ In possession of the India Office. Reproduced in facsimile, with a transcript, in *Supplement to Lloyd's List*, 2 July, 1921.

⁴ Marsden, *op. cit.*, pp. 57-59; *Journal de la Marine Marchande*, Paris, 6 January, 1927.

CHAP. VI clauses, as though the parties were a little uncertain as to their precise effect, and reluctant to trust wholly to the printed form.

The 'Golden
Fleece' policy.
1681.

In England, at any rate, the printed policy was fully developed, and probably in general use, by the last quarter of the seventeenth century. Among the treasures of Lloyd's is a policy dated January 20th, 1680/1, on the *Golden Fleece* and cargo from Lisbon to Venice. This is a document of exceptional interest and importance; for not only is the policy made on a printed form, but the printed portion is almost exactly identical with a Lloyd's policy of 1779, wanting only the Memorandum—the paragraph beginning "N.B.," at the foot of the policy. There are one or two verbal variations in the body of the text; but the only one of the smallest importance is that the value clause in the *Golden Fleece* policy concludes with the words "without farther account to be given by the Assureds for the same."¹

Here, surely, is one of the most startling facts in the history of commercial usage. Since the *Golden Fleece*, "Burthen 250 Tuns or thereabouts," sailed from Lisbon, the machinery of commerce, the practice of underwriting, and the law of marine insurance have all undergone revolutionary changes. It was not for half a century after that date that Lloyd's Coffee House became the headquarters of the London underwriters. It was seventy-five years from the signature of the *Golden Fleece* policy before Lord Mansfield, as Lord Chief Justice, began his great work in the elucidation of insurance law. The policy was nearly a hundred years old when the subscribers to New Lloyd's took in hand the revision of the printed form as the first fruits of their corporate activity. Since then steam and electricity have multiplied a hundredfold the volume of foreign trade, and changed the whole face of the com-

¹ A transcript of the policy is given in *Lloyd's Calendar*, but without distinguishing the printed portion.

mercial world, with the result of corresponding changes in the wealth, influence, and organisation of Lloyd's itself. Yet every marine policy subscribed at Lloyd's to-day incorporates, practically without alteration, and with only three important additions, a form in use two hundred and fifty years ago.

CHAP. VI
1523-1779

Exactly how the common form of printed policy became settled, is one of the riddles of commercial history. It was never prescribed by law, prior to 1795. There was no Chamber of Assurances corresponding to those existing at some foreign ports; for the Office of Assurances in the Royal Exchange was a mere office of registration. There was no Corporation of Lloyd's in the seventeenth century; no Institute of London Underwriters; no recognised centre for the transaction of marine insurance. The authority of the printed policy depended entirely on its general and voluntary acceptance by all concerned as embodying, in the most convenient form, the recognised customs and usages of "Lombard Street or elsewhere in London."

General adoption
of a common form.
ca. 1680-1700.

Once it had reached its final form, however, the practical advantages of uniformity seem to have secured it general acceptance, and the only modification, prior to the revision at New Lloyd's, was the addition of the Memorandum. This addition was of great importance. By its first clause the underwriter is freed from particular average in respect of corn, fish, and other commodities particularly susceptible to salt water damage, unless the ship be stranded. The second clause exempts him from particular average under 5 per cent. of the amount insured in respect of sugar, tobacco, and certain other articles, very liable to deterioration in transit. The third protects him against small particular averages (under 3 per cent.) in respect of ship, cargo, or freight, unless the ship be stranded.

Addition of the
Memorandum.
1749.

These clauses were first added to the printed English

CHAP. VI policy in 1749;¹ and here, for the first time, we may
 1523-1779 trace the influence of Lloyd's. The first germ of the Memorandum may be found in a Florentine ordinance of 1526,² which enacts that fruit, corn, salted fish, precious stones, and certain other commodities must be specifically described in the policy, and not included under "the general Name of Merchandizes." Provisions roughly corresponding to those of the Memorandum (but without the proviso for stranding) had found their way into many foreign codes before 1749;³ but it has usually been assumed that there is no trace of them in English policies prior to 1749. It is clear, however, from a Bristol policy of 1746, in the possession of Lloyd's, that a rudimentary form of the Memorandum was already in use at that city. This policy, made on October 8th, 1746, on goods in the *Duke of Bedford*, contains, in the printed body of the policy, the following clause (the words italicised being inserted by hand:

Bristol form of
 Memorandum.
 1746.

"Memorandum, It is Agreed by and between the Assured and Assurers, That in Case of any Loss, there shall be an Abatement of *Two Pounds* per Cent. And that in Case of any Average Loss not exceeding Five Pounds per Cent. The Assurers by Agreement, are not to pay or allow any thing towards such Loss."

The "abatement" of 2 per cent. on the settlement of a loss appears to have been the common practice of the time;⁴ the five per cent. franchise and the use of the word "Memorandum" are sufficient to constitute the form a notable landmark in the development of the printed policy.

It is likely enough that similar clauses were introduced, tentatively at first, into London policies; but so important an addition to the ordinary printed form as the Memorandum of 1749, could never have been made

¹ Magens, *Essay on Insurances*, Vol. I, pp. 10, 73; Robt. Stevens, *An Essay on Average*, 2nd Edn., 1816, p. 203.

² Printed by Magens, Vol. II, p. 7.

³ Stevens, *loc. cit.*, and see foreign policies and ordinances in Magens.

⁴ See f.n., p. 161 *post*.

unless the underwriters had stood out for it as a body, and there can be little doubt that its provisions were settled at some meeting or meetings at Lloyd's Coffee House, already the recognised headquarters of marine insurance. CHAP. VI
1523-1779

This is strongly confirmed by a passage in the *Essay on Average* which Robert Stevens of Lloyd's dedicated to the Committee in 1813, which throws, incidentally, very interesting light on the original construction of the Memorandum. Stevens had been told, he said, by "a gentleman of great experience, who was one of the subscribers to old Lloyd's, in Lombard Street" that it was originally intended that the 5 per cent., or 3 per cent. "should in all cases be deducted from the average, the underwriter paying the balance; and that this was then the practice."¹

Lloyd's Coffee
House and the
Memorandum.
1749.

If the word "subscriber" in this passage is to be taken literally, it shows that the regular frequenters of old Lloyd's, as of many other Coffee Houses, paid a small subscription to the Master; but Stevens, writing at a date when New Lloyd's had been in existence for some forty years, may well have used the word to denote any regular customer of the old house. It is clear, at least, that he believed the Memorandum to have originated at Lloyd's Coffee House.

As originally adopted, the Memorandum was somewhat less inclusive than at present. A London Assurance policy of 1753, printed by Magens, includes only "Corn, Fish, Tobacco, and Hides" in the franchise clause, and "Sugar, Rum, Hemp, and Flax" in the 5 per cent. clause; and he states that the franchise clause in the policy used by private underwriters omitted any mention of tobacco and hides.² In the additions subsequently made to the Memorandum, the two marine insurance companies continued to go their own

Early forms of
Memorandum.
1753.

¹ *Essay on Average*, 2nd Edn., p. 213.

² Magens, Vol. II, 385.

CHAP. VI way, with a result that can most clearly be shown in 1523-1779 tabular form.¹

	Lloyd's Policy.	London Assurance Policy.	Royal Exchange Assurance Policy.
Free from Average	Corn Fish Salt Fruit Flour Seed	Corn Fish Salt Fruit Flour Seed	Corn Fish Salt Fruit Flour Seed Hides Tobacco
5 per Cent. Clause	Sugar Hemp Flax Tobacco Hides Skins	Sugar Hemp Flax Tobacco Hides Skins Rum	Sugar Hemp Flax Skins Rum

As the result of judicial decisions that "Salt" did not include "Saltpetre," and that "Corn" did not include "Rice," the London Assurance at one time specified "Rice and Saltpetre" in the warranty; but in this instance they were unable to maintain their departure from the general practice. With regard to the omission of "Rum" in the Lloyd's policy, Stevens states that goods subject to leakage were excluded from the Memorandum, on the ground that they were already free from average "according to the custom of Lloyd's," unless there was reason to suppose that the stowage had been deranged by force of stranding.²

The full effect of the proviso for stranding was hardly realised until 1754, when it was decided, in the case of *Cantillon v. London Assurance*, that a corn-laden ship

¹ The table is based on the policies of 1795 in the Schedule to 35 Geo. III, c. 63.

² Stevens, *op. cit.*, pp. 204-6.

which had touched ground in going down the river must be considered as stranded for the purposes of the policy. As a result of this decision, the Company, in 1754, struck out the words "or the ship stranded." Their example was followed, soon afterwards, by the Royal Exchange Assurance, who substituted, however, in the first clause of the Memorandum, but not in the 5 per cent. or 3 per cent. clauses, the words "*or otherwise specially agreed.*"¹ It should be noted also that, from the first, both companies omitted any mention of freight in the 3 per cent. clause.

Except for the addition of the Memorandum, neither the underwriters of Lloyd's Coffee House, nor the marine insurance Corporations showed any desire to vary or amplify the form of printed policy which had now at its back so many years of usage. There was all the more reason to adhere to it because the great series of legal decisions, by which the law of marine insurance was built up during the second half of the eighteenth century, was concerned mainly with the interpretation of its clauses. The whole system of jurisprudence in this department, was founded, to quote a writer of 1781, on the "general, settled, *printed* Form of Policies."²

If it became necessary in 1779, to revise and confirm this "settled" form, it was because a determined attempt had been made to vary it in the interest of the Assured. It was this attempt that led to the calling of a General Meeting of the Subscribers to New Lloyd's, on January 12th, 1779, with Alderman George Hayley in the chair, "To consider on some Innovations in the printed part of some Policies lately introduced in the Coffee House."

What these innovations were, is revealed by the author last quoted, Mr. John Weskett. This gentleman, as

CHAP. VI
1523-1779

The Corporations
and the Memo-
randum.
1754-95.

Meeting at
New Lloyd's
to settle the
policy.
12 Jan., 1779.

¹ *Ibid.*, p. 203; Magens, *op. cit.*, II, 385; Park, *op. cit.*, 20.

² *A Complete Digest of the Theory, Laws and Practice of Insurance*, by Jno. Weskett, Merchant, 1781, liii.

CHAP. VI will be seen in a later chapter, had little good to say of the underwriters and brokers assembled at New Lloyd's; but his work is almost as informative as acrimonious, and he has preserved the actual text of the clauses under consideration on January 12th, 1779.

Attempted
innovations
in the policy.
1766-79.

In the first place, there was added, immediately after the words, "Rate and quantity of his Sum herein Assured," the following new clause:

"And it is agreed by us the Insurers, in Case any Loss, or Average (or Return of Premium) shall happen to the Ship, or Goods, hereby assured, that we will allow the *Balance* of our *respective Accounts*, due to us from the Person or Persons to whom we shall underwrite this Policy, towards the Payment of such Loss, Average or Return; or so much of such Balance as the Loss, Average, or Return may amount to."

This was an attempt to upset the general custom with regard to the payment of claims and premiums; but the second "innovation" was of a still more serious character, as it went to the root of the whole contract of assurance. The celebrated case of the *Mills Frigate*, one of the outstanding landmarks in the history of marine insurance, had led to a clearer enunciation of the principle that unseaworthiness, even if without the privity of the owner, was sufficient to render the whole policy void. As a result of this case, a new clause had been added, in small print, at the bottom of many policies printed between 1766 and 1779, although its use had never become general, and was not sanctioned by the leading underwriters. This clause ran as follows:

"It is particularly agreed that any *Insufficiency* of the Ship, or *Deviation* of the Master, unknown to the Assured, shall not prejudice this Insurance."

Here was an attempt to upset the fundamental basis of all marine insurances, and it is not surprising that it found little favour at New Lloyd's.¹

To the great joy of John Weskett both innovations were "intirely exploded, and loudly *reprobated*, by the

¹ *Digest*, pp. lii-liii. The italics are in Weskett. In its original form the clause ran: "It is particularly agreed that any insufficiency whatever of the ship, unknown to the assured, or his, or their agents shall not prejudice this insurance." See *The Case of the Mills Frigate* (n.d.), in the Godwin pamphlets at the Bodleian.

Printed according to the
Form revised and confirmed
at New Lloyd's, on the 12th
of January, 1779.

In the Name of God, Amen. *Human & Sack & Co.*
 As well in ^{their} own Name, as for and in the Name and Names of all and every other Person or
 Persons to whom the same doth, may, or shall appertain, in Part or in All, doth make Assurance, and
 cause themselves and them, and every of them to be Insured, lost or not lost, at and from

Liverpool is the basis of Africa, during her stay of trade there
(and) it is from thence to her port or ports of discharge in the
Island of Cuba

Upon any Kind of Goods and Merchandizes, and also upon the Body, Tackle, Apparel, Ordnance, Munition, Artillery, Boat, and other Furniture, of and in the good Ship or Vessel called the

Yucca & coa

whereof is Master, under God, for this present Voyage, or whosoever else shall go for Master in the said Ship, or by whatsoever other Name or Names the same Ship, or the Master thereof, is or shall be named or called, beginning the Adventure upon the said Goods, and Mercandises from the Loading thereof aboard the said Ship.

upon the said Ship, Dec. at & from Liverpool to Africa

ber Abode there, upon the said Ship, &c. And further, until the said Ship, with all her Ordnance, Tackle, Apparel, &c. and Goods and Merchandizes whatsoever shall be arrived at *Africa* and *Porto or Ports* discharge

upon the said Ship, &c. until the said Ship, &c. be there discharged and safely landed. And it shall be lawful for the said Ship, &c. in this Voyage, to proceed and sail to and touch and stay at any Ports or Places whatsoever

without Prejudice to this Insurance. The said Ship, &c. Goods and Merchandizes, &c. for so much as concerns the Assureds, by Agreement between the Assureds and Assurers in this Policy are and shall be valued at

In case of capture, a declaration of her being carried into port to be deemed a sufficient document to recover the loss.

Touching the Adventures and Perils which we the Assurers are contented to bear, and do take upon us in this Voyage; they are of the Seas, Men of War, Fire, Enemies, Pirates, Rovers, Thieves, Jettisons, Letters of Mart and Counter Mart, Surprizals, Takings at Sea, Arrests, Restraints and Detainments of all Kings, Princes and People, of what Nation, Condition or Quality soever; Barretry of the Maister and Mariners, and of all other Perils, Losses and Misfortunes, that have or shall come to the Hurt, Detriment or Damage of the said Goods and Merchandizes and Ship, &c. or any Part thereof. And in Case of any Loss or Misfortune, it shall be lawful to the Assureds, their Factors, Servants and Assigns, to sue, labour and travel for, in and about the Defence, Safeguard and Recovery of the said Goods and Merchandizes and Ship, &c. or any Part thereof, without Prejudice to this Insurance; to the Charges whereof we the Assurers will contribute each one according to the Rate and Quantity of his Sum herein Assured. And it is agreed by us the Insurers, that this Writing or Policy of Assurance shall be of as much Force and Effect as the surest Writing or Policy of Assurance heretofore made in *Lombard-street*, or in the *Royal-Exchange*, or elsewhere in *London*. And so we the Assurers are contented, and do hereby promise and bind ourselves, each one for his own Part, our Heirs, Executors, and Goods, to the Assureds, their Executors, Administrators, and Assigns, for the true Performance of the Premises, confessing ourselves paid the Consideration due unto us for this Assurance by the Assured _____ at and after the

Rate of *Twenty Guineas* 'cont'

In Witness whereof we the Assurers have subscribed our Names and Sums Assured in London.

N. B. Corn, Fish, Salt, Fruit, Flour and Seed, are warranted free from Average, unless general, or the Ship be stranded.—Sugar, Tobacco, Hemp, Flax, Hides and Skins, are warranted free from Average, under Five Pounds *per Cwt.* and all other Goods, also the Ship and Freight are warranted free of Average under Three Pounds *per Cwt.* unless general, or the Ship be stranded.

On Ship valued at £ 3500

Goods as shall be hereafter specified and valued

The Slaves valued at £45 each

POLICY ON SLAVES, 1794

General Voice; and the long accustomed printed Form CHAP. VI
of Policies *confirmed*," at the meeting on January 12th, 1523-1779
1779. To give practical effect to their reprobation, the
Subscribers resolved:

"That no Policy be subscribed from this time *knowingly*, that may be
printed in Words different from a Form now produced.

That we will not Underwrite to any Person or Persons who may here-
after tender any Policy *otherwise Printed*."¹

The Policy
settled at
New Lloyd's.
Jan., 1779.

At the same time, a Special Committee of fifteen, under Hayley's chairmanship, was appointed to consider the propriety of applying to Parliament to determine the printed form of policies. Hayley's part in the proceedings was the more appropriate inasmuch as he had himself been the first underwriter on the *Mills Frigate*.

It is a very convincing proof of the extent to which New Lloyd's now represented and dominated the underwriting world, that the Policy Committee were able to report to another General Meeting, on February 3rd, that no application to Parliament was necessary at the moment, as the evil had already been "radically cured," thanks to the firm stand already made by the Subscribers. In the words of Weskett:

"More was effected at only *one* Meeting of the Insurers, Merchants, &c., by a *Resolution* amongst *themselves*, than could have been done by *fifty* Law Suits."²

The Policy Committee recommended, however, as an additional safeguard, that no policies should be signed which were not clearly stated, by a note printed in the margin, to be in the prescribed form. We have already seen that this recommendation was adopted and carried out.

Nothing more was heard of the attempted innovations; nor was any further attempt made in London, to vary the form "revised and confirmed at New Lloyd's." At the outports, other forms appear to have been in use. A Bristol policy of 1789 has several small

The Outports :
Bristol policy
of 1789.

¹ The words italicised are underlined in the Minute Book.

² *Digest*, p. lii.

CHAP. VI variations, including the words, "without any further
1523-1779 Account to be given by the assured to the Assurers, or any of them for the same," at the end of the value clause. A more important difference is in the provisions of the Memorandum, which follows, in part, the Bristol practice of 1746, and reads:

"Memorandum. It is agreed by and between the Assured and the Assurers—That in Case of any Average Loss not exceeding Five Pounds per Cent. the Assurers by Agreement, are not to pay or allow any Thing towards such Loss:—Corn, Fish, Salt, Fruit, Flour, and Seed, are warranted free from Average, unless general, or the Vessel be stranded."

As in the *Duke of Bedford* Policy of 1746, there follows an even wider departure from the London form, in the shape of a printed Arbitration Clause:

"It is further Agreed. That if any Dispute shall arise, relating to a Loss on this POLICY, it shall be referred to two indifferent Persons, one to be chosen by the Assured, the other by the Assurer, or Assurers, who shall have full Power to adjust the same; but in case they cannot agree, then such Two Persons shall choose a Third, and any Two of them agreeing, shall be obligatory to both Parties."

It is further noteworthy that this Policy, which is a policy on goods, has no letter "G." in the margin, which rather suggests that the distinguishing letters "S.," "G.," and "S.G." were first adopted at the meeting at New Lloyd's.¹

Lloyd's form
made legally
compulsory.
1795.

All such forms, however, were swept away in 1795, when the Act already cited established Lloyd's policy—without any application from Lloyd's—as the only legal form for use by private underwriters. The two marine insurance corporations retained the right to use their own forms, but these, except for the use in the value clause of the words "without farther account to be given by the Assureds for the same," and a few small verbal variations, differ from the Lloyd's form only in the provisions of the Memorandum.²

¹ This policy is in the possession of Captain H. G. Thursfield, R.N., who kindly lent it for comparison with Lloyd's form.

² The Corporation policies in the Act of 1795 are both on Ship and Goods, and the Royal Exchange Assurance form has "S.G." in the margin.

For nearly a hundred years the form of policy “re-
vised and confirmed” in 1779 was used not only with-
out alteration but without addition. The only change
was the substitution of the business-like “Be it known
that” for the pious preface “In the Name of God,
Amen.” This change is usually attributed to the year
1850; but it is clear that it was only gradually effected.
Manley Hopkins, writing in 1867, states that by that
date it had become general; but it was not, even then,
universal:

“The authorised policy printed for the Stamp Office continues to in-
voke the name of the Supreme Being; but from a sense of propriety
rather than from irreverence this sentence is omitted from nearly all
modern policies.”¹

The records of Lloyd’s fail, unfortunately, to show to
whose delicate sense of propriety the change was due.

Three important additions were subsequently made
—the Waiver Clause in 1874, the vital clause elimin-
ating war risk in 1898, and the Frustration Clause in
1919; but their effect can best be discussed in connec-
tion with the developments that led to their adoption.
It may be noted, however, that these were additions
to the Policy, and not variations in its text. To this
day nothing has been taken away from the form of
1779; nothing in it has been altered. The reasons for
this conservatism have already been discussed; but
this chapter may appropriately be concluded in the
words of a Sub-Committee actually appointed in
November, 1811, for the purpose of revising the print-
ed policy. At that time reform was in the air. Lloyd’s
had just undergone a drastic reorganisation, and
Joseph Marryat, the leader of the reform party, was
now Chairman of Lloyd’s. He was also Chairman of
the Sub-Committee, and his whole career, as will be
seen later, shows that he was not a man to flinch from
a difficulty. Yet after fifteen months of discussion, and
of consultation with solicitors and counsel, the Sub-

CHAP. VI
1523-1779

“In the Name of
God” deleted.
ca. 1850.

Additions to
Lloyd’s Policy.
1779-1927.

¹ *A Manual of Marine Insurance*, p. 120.

CHAP. VI Committee reported against any change whatsoever; 1523-1779 partly because Parliamentary sanction would be necessary, and it would be very difficult to procure agreement between underwriters, merchants, and shipowners; partly because:

"Though the form now in use may be in some respects defective, and the language of it in some degree ambiguous, yet the doubtful phrases have been so repeatedly discussed, and decided upon in Courts of Law, that their true legal import is ascertained; and if any new form of words were introduced, as much litigation as has already taken place, must again take place, before the legal construction of it would be equally well understood."

Supplemen-
tary Codes.

These words remain true to-day; but, as indicated at the beginning of this chapter, it must not be supposed because the old form of policy has held its own, that it has sufficed for all the exigencies of modern commerce. In order to meet present requirements, many additional codes, or batches of clauses adapted to a particular type of insurance, have been devised, which are printed separately and then affixed to the policy. For instance, the old policy contemplated the voyage, and was most unsuitable to an insurance on a time basis. A lengthy contract, known as the "Time Clauses" is therefore affixed to every time policy. Again, codes have been contrived known as "Cargo Clauses—All Risks," and "Cargo Clauses F.P.A. (free of Particular Average)"—the purpose of which is indicated by their names. There is a special code embodying conditions applicable to freight insurances, and others have been devised to meet the requirements of special trades, such as the grain trade. Many other instances might be cited, and it might well be thought that the ancient policy had been interred beneath a tremendous pyramid of modern devices. Yet the form of 1779 still stands as the foundation of the contract—antiquated, incoherent, inadequate, requiring to be explained and supplemented in every direction; but sacrosanct so far as its own text is concerned.

CHAPTER VII.

LLOYD'S DEVELOPING.

1774-1793.

THE General Meeting of February 3rd, 1779, called to receive the Report of the Policy Committee, has yet another claim to mention in this history, for at that meeting the House Committee were authorised to supplement the shipping intelligence received through the Masters, by procuring "Lists of all Convoys with the Sound Lists" at the cost of the public fund. The incident is notable as the first in which we can trace the influence of the great French wars on the development of Lloyd's.

Twenty years later that influence had become the decisive factor in the evolution of a corporate spirit at the Coffee House. At this period it counted for little; so far at least as can be judged from the meagre records left by the Committee. They had, indeed, already anticipated the wishes of the Subscribers, and a number of payments for the supply of Convoy Lists are duly recorded; but with one exception, this is all that the minutes at Lloyd's have to say about the war which established the independence of the United States and saw the British fleet, for the first and last time since Tourville's *campagne au large* of 1690, driven up Channel by a superior hostile force.

Once, and once only, did the Subscribers contemplate a more active intervention in war affairs. At a General Meeting on January 3rd, 1781, it was moved that the Committee be requested to apply to Parliament to restrain Masters from ransoming ships and cargoes.

At this period, it must be remembered, the attack on commerce was carried on mainly by privateers, and

Lloyd's and the
American War.
1776-83.

The Ransom
question.
1781.

CHAP. VII privateering was itself a commercial speculation. By
 1774-1793 accepting a ransom bond, the privateer avoided the necessity of sparing a prize crew to take the captured vessel into port, and was the better able to prolong her cruise. She avoided also the risks of re-capture. It mattered nothing to the Captain of the privateer, or to the syndicate which had fitted her out, that the captured vessel was thereby able to complete her voyage and deliver her cargo. The only question was whether it paid better to accept a bond, or to carry in the prize and sell her.

Pros. and Cons.
 of Ransom.

If the practice was often convenient to the captors, it was still more convenient to the captured. It saved the crew from a French or Spanish prison, and saved the ship, and her future earnings, to her owners. To the underwriters, however, the practice may well have appeared objectionable; for it decreased the stimulus to a stout resistance or sustained efforts to escape capture, and it eliminated all chance of a loss being wiped out by the re-capture of the prize. For all that, the motion was "carried against the question." It may have been merely that payment of a ransom bond usually involved a smaller loss to be settled than if ship and goods had been taken into an enemy port. It is quite possible that the Subscribers hesitated to interfere in a matter of national policy, for Lloyd's was not yet a power in the State. At any rate the motion was lost, and on no other occasion from 1777 to 1783, did either the Committee or the Subscribers so much as take into consideration any question arising from the war.

This silence is the more significant because the Subscribers to Lloyd's, as individual business men, were deeply concerned in the progress of the struggle. There must have been many long faces in the Subscribers' Room, on September 3rd, 1779, when it was "up at Lloyd's" that the combined French and Spanish fleets were off Portsmouth, and the City was

in a buzz with conjectures as to whether Hardy, with the Grand Fleet, could escape being blockaded in that port, leaving the whole trade of the country at the mercy of the enemy.¹

That was the year in which British sailors wrapped their clothes round the bust of the late King, forming the figure-head of their ship, so that "George the Second should not see an English fleet chased up their own Channel."² The shame was due, in the main, to the feeble and corrupt administration of the Admiralty under Lord Sandwich, the "Jemmy Twitcher" of popular sarcasm, and next year the position at sea was little better. Infirm strategy and divided counsels in the Allied fleet saved Great Britain from the menace of invasion, but in August, 1780, the Spanish fleet under Cordova, with a French reinforcement, fell in with a combined East and West India convoy, outward bound, and captured fifty-five out of sixty-three ships. It was the heaviest single blow that had fallen on British trade since the tragedy of the Smyrna Fleet. The actual monetary loss was estimated at £1,500,000 and coming, as it did, on the top of many minor disasters, it shook Lloyd's to its foundations. Many underwriters failed, and thirty years later, at the height of the Napoleonic Wars, the month of August, 1780, was still remembered as the blackest in the history of Lloyd's.³

Among those who stopped payment during the war was John Walter, the founder of the *Times*. Confining himself, at first, to writing policies on vessels in the coal trade, with which he was closely connected, he had been led by the success of these operations to take up underwriting on a larger scale. In his own words:

"I was 12 years an underwriter in Lloyd's Coffee House, and subscribed my name to 6 millions of property; but was weighed down, in

CHAP. VII
1774-1793
Heavy losses
of underwriters.
1780.

John Walter as
an underwriter.

¹ *Hist. MSS. Comm.*, 15th Rep., *Foljambe*, 152.

² *Hist. MSS. Comm.*, *Reports on MSS. in Various Collections*, Vol. VI, 1909, Cornwallis Wykeham-Martin, pp. 320-1.

³ Capt. W. M. James, R.N., *The British Navy in Adversity*, 247; *Report from the Select Committee on Marine Insurance*, 1810, evidence of Angerstein and Forsyth.

CHAP. VII
1774-1793

common with above half those who were engaged in the protection of property, by the host of foes this nation had to combat in the American War."¹

Losses of
shipping.
1776-83.

This is probably an exaggerated picture of the war's effect on the fortunes of the underwriters; but it may readily be believed that the failures were numerous. To the damage inflicted by hostile fleets must be added the depredations of the ubiquitous privateers. The renegade Paul Jones, whom history has chosen to invest with a legendary halo, was only one of a hundred daring corsairs who took their toll of British commerce. From every port on the New England coast, swift sailing, well armed vessels put out to prey on the trade of the Atlantic. In the Channel and the Soundings, the hardy seamen of Normandy and Brittany were playing the old game with their accustomed enterprise. A statement subsequently extracted from *Lloyd's List* by John Bennett, the first Secretary of Lloyd's, shows a total of 3,386 vessels taken by the enemy during the course of the war, of which, 495 were re-captured, 507 ransomed, and 2,384 (including 94 privateers and small warships) remained in the enemy's hands.

Date.	Taken.	Re-taken.	Ransomed.
1776	235	27	—
1777	340	65	—
1778	364	66	16
1779	597	78	89
1780	570	77	201
1781	741	109	160
1782	448	66	41
1783	91	7	—
	3,386	495	507

According to Macpherson, the number of British ships engaged in foreign trade in 1775, "as they appear in the registers of the underwriters at Lloyd's

¹ *Dict. Nat. Biog.* ; *Hist. MSS. Comm.*, 14 *Rep. App.* IV, p. 551.

coffee-house" was 6,219. In 1783, the number was 5,182, to which must be added about 1,000 vessels employed as transports and store ships.¹ If the average be taken as 6,200, the annual ratio of loss, as shown by the above table, for the bad years 1779 to 1782 inclusive, was more than 9 per cent., or, allowing for recaptures, 8 per cent. It is probable that there were a good many coasters among the vessels captured; on the other hand, Macpherson's figures almost certainly include vessels employed in the trade with Ireland and the Channel Islands (then counted as foreign), and the percentage of losses among ships in the foreign trade proper must have been unpleasantly high.

Moreover, the underwriters at Lloyd's Coffee House were again concerned in the losses of enemy, as well as of British ships and cargoes. The Act of 1748, prohibiting insurances of French ships, was operative only for the duration of the war then raging, and it was not revived either in the Seven Years War, or in the War of American Independence. The low public spirit of the eighteenth century still looked favourably on the profits to be derived from trading with the enemy, and the circumstances of the war led to its development on an unusual scale, for the British West Indies were so far dependent on the North American Continent, that the Government were obliged to license a considerable traffic through the Dutch Island of St. Eustatius, which rapidly developed into an entrepôt for the supply, not only of the American States, but of the French West Indies, and the French squadrons in West Indian waters. When Rodney, in 1781, took advantage of the Dutch declaration of war to seize the island, with accumulated stores valued at £3,000,000, a howl of execration arose from the merchants, and there is too much reason to fear that many underwriters at Lloyd's may have had heavy claims to settle.

Insurance
of enemy
property.
1776-83.

¹ *Annals of Commerce*, IV, 11 n.

CHAP. VII The losses suffered by British commerce alone were enough, however, to "weigh down" the underwriters; for Lloyd's had not yet acquired the financial stability that enabled it, twenty years later, to bear unmoved equal or even heavier blows. Prudent operators like Angerstein, with a large capital behind them, probably made money out of the war, for if losses were heavy, premiums were high; but the Subscribers to New Lloyd's included many who engaged in insurance only as a side line, and lacked the specialised knowledge and skill to steer them safely through the shoals and quicksands of war-time insurance. They included also many who lacked the necessary capital to stand up against a succession of heavy losses. At this time, it must be remembered, membership of New Lloyd's was open, without even the formality of election, to anyone who had £15 to pay into the hands of the Bankers or the Masters, and Weskett informs us that:

Failures
at Lloyd's.
1776-83.

"We see not a few Instances even of *Tradesmen, Shopkeepers, etc.*, lured by the golden, but delusive Bait of *Premiums*, especially in time of *War*, drawn like Gudgeons, into the Vortex of this perilous Abyss, Insurance."¹

In 1782, the premium on a voyage from London to Jamaica was 12 per cent. with convoy, or 20 per cent. without, and it is likely enough that many small traders, with no previous experience of insurance business, were lured to their ruin by the golden bait.

A critical
survey of
Lloyd's.
1781.

Mr. John Weskett, Merchant, whose imposing folio on the law and practice of insurance gives us the one intimate picture we possess of Lloyd's in these early years of its existence, looked out upon the mercantile community of his day with a sourly critical eye. It would seem that the habit of self-depreciation, which some think characteristic of our own times, had its counterpart in the eighteenth century, although the self-constituted censor of that period had no mis-

¹ *Digest*, p. xxiii.



LLOYD'S COFFEE HOUSE.

THE COFFEE ROOM AT LLOYD'S, 1798

givings at all as to the virtues and authority of one CHAP. VII
 John Weskett. His diatribes had, none the less, some 1774-1793
 justification in fact.

It is perhaps consoling to find him castigating faults which more modern critics have censured as peculiar to our own era. "The most distinguished Features of the present Times," he laments, are "Frivolousness, Ostentation, and Rapacity," and the words have a familiar ring. The main objects of his attack, however, are the folly of underwriters, the chicanery of brokers, and the dishonesty of the assured, and a welter of capitals and italics is necessary to give full expression to his indignation. He was led to take up his pen by:

Sad depravity
 at Lloyd's.

"The numberless Instances, daily occurring, of very extraordinary *Unskilfulness*, *Negligence*, and *Error*, together with ATROCIOUS *Deceit*, and *Imposition*, in the claiming, stating, and settling of Losses, Averages, Salvages, Returns, &c."¹

He laments that arbitration has fallen into disuse, because underwriters and merchants can rely neither on the knowledge, the experience, nor the impartiality of each other. Hence:

"*Litigation* is become so *rife*, there is a Necessity, however strange it may appear, for the almost daily Attendance, which may be observed, especially in Term Time, of no less than 4 or 5 *Attornies* at LLOYD'S *Coffee House* ! What a *Degradation* is this of mercantile character and Abilities, even in a single Branch of Commerce!"

He deplores the tendency of underwriters to follow implicitly the example of a leader, like a flock of sheep, and at the same time he is sarcastic about:

The follies of
 underwriters.

"those Gentlemen who may be ambitious to become what are called *great Underwriters*; eager to take the Lead; to begin, or subscribe almost every Policy that presents itself, and to be the *first* to settle Losses, Averages, &c."

and he goes on to point out that if they had some elementary knowledge of their business (which Mr. Weskett's *Digest* was written to supply), it would save them from being the "Victims of their own *Unskilfulness* and *Credulity*."

¹ This and the following passages are all taken from the Introduction to the *Digest*, pp. xi, xxii-xxv.

CHAP. VII In jeering at the tendency of underwriters to play
 1774-1793 follow-my-leader, Weskett was only echoing the words
 of the Attorney General in 1748:

"Most merchants and insurers pin their faith blindly upon a few leaders, with respect to the premiums, without being themselves at the pains to make any calculation of the chances."¹

The complaint, however, although often repeated, is superficial. If every underwriter discussed terms *de novo* business would become impossible. When a "good start" is made, the underwriters have to consider whether they want the business or not, but it is very unusual to alter terms when once the risk has been accepted by a reputable underwriter.

Craftiness and
 ill-breeding of
 brokers.

While he seems to be deeply impressed with the imbecility of underwriters, Weskett speaks of the brokers of his day with positive loathing. He suggests that a "civil and candid *personal behaviour*" in the brokers is desirable, "although they may be deficient in a gentleman-like address"; the latter being, apparently, too much to hope for. He thinks that difficulties between insurers and insured "are usually the effect of *Ignorance* and *Ill-breeding*" on the part of the brokers, who are the real villains of the piece. The underwriter is the victim, but a victim who deserves his fate.

"The *loose, hasty, and often crafty* Manner in which Insurances are effected in *Lloyd's Coffee House*; . . . the frequent Want of Penetration, Judgment, or *Attention*, on the Part of Insurers; and of Explicitness or *right Information*, on the Part of Assureds and Brokers; and especially the *affected* Ignorance, Silence, and Indifference, or apparent Confidence of the latter, as to *material* Facts and Circumstances" all these things weighed down the spirit of John Weskett, but may perhaps be a source of consolation to the Lloyd's of the twentieth century.²

Holding these views, it is not surprising that Weskett objected strongly to brokers being allowed to act also as underwriters and merchants, though it would be interesting to have John Julius Angerstein's comment on

¹ Parl. Hist., XIV, 130.

² *Digest*, 64-5, xxix.

the objection. Another target of his attack was the method of settlement between broker and underwriter. Losses, at this period, were paid within a month of the claim being settled, but the settlement between broker and underwriter was by annual balances. Five per cent. brokerage was allowed on the original premium, and ten per cent. discount on the final balance.¹

From a later writer we learn that the customary period for collecting the premiums of the preceding year was from May to September, inclusive, and Weskett's chief objection to the system was that the balances were not, in practice, settled until six, nine, or twelve months after they were due. This may have been hard on the underwriters; but it was advantageous both to the broker and the assured, and whatever the underwriter lost by standing out of his money, he more than regained in credit; for the retention of the premium by the broker gave a measure of security to the assured, at a time when no deposit was exacted from the underwriters at Lloyd's. For this reason the system was retained beyond the middle of the nineteenth century, the only change being an increase of the discount to twelve per cent. Indeed, it has left traces on the present day practice at Lloyd's, for when the new system of quarterly payments was instituted, brokers who adopted it placed at the top of their slip the word "cash," and in many instances it is retained to this day, although it has become meaningless.²

CHAP. VII
1774-1793

Custom as to
payment of
premiums.

The man whose motto is "I do well to be angry," is seldom a wholly trustworthy witness; but Weskett was

Exaggerated
censures.

¹ Weskett states that, prior to the close of the American War, the allowance was only 5, instead of 10 per cent. It is impossible to say when this discount was first allowed. According to the Attorney General in 1748, the broker's remuneration at that date was 4/6 fee on each policy, 5 % brokerage on premiums, and 10/- % from the insured on the settlement of losses. He states also that the underwriters made a deduction of 2 % on the settlement of losses. (*Parl. Hist.* XIV, 130-1). The 2 % deduction is confirmed by the *Duke of Bedford* policy at Lloyd's (See p. 144 *supra*). For earlier practice see Chapter II.

² See pp. 64-5 *supra* and Marryat's *Observations on the Report of the Committee on Marine Insurance*.

CHAP. VII no fool, and, making due allowance for the bias of a
 1774-1793 self-righteous moralist, his strictures present a very life-like picture of the state of the insurance market at a time when the volume of transactions was rapidly increasing, without any corresponding development in the organisation of the business, or of specialised knowledge and skill on the part of the underwriter.

All attempts to organise the business of marine insurance, or to codify insurance law, had hitherto broken down. The Court of Assurances, and the Office of Assurances had long ceased to function. All persons acting as brokers in London were still required by statute to be admitted by the Lord Mayor and Aldermen, under such restrictions and limitations as the Court might think fit, and to pay an annual fee of 40s.;¹ but Weskett observes that no insurance broker paid the slightest regard to the statute.

Brokers and underwriters were alike wholly unorganised, save in so far as they were Subscribers to New Lloyd's, and New Lloyd's had hitherto confined its attention mainly to providing suitable accommodation for its members. Its one great achievement was the settlement of the printed policy. The resolution of 1774, against speculative insurances, may have done something, in conjunction with the law, to check the practices that had brought discredit on Old Lloyd's Coffee House, but according to Weskett, gaming policies were still a prevalent evil.²

Attempt to
 codify in-
 surance law.
 1748.

An attempt to codify insurance law had been made so far back as 1748, when a Committee, appointed by the House of Commons "to consider of Heads of a Bill for better regulating of Assurances on Ships and Goods laden thereon (*sic.*)," was given leave to bring in a Bill on the lines of ten Resolutions embodied in its report. Nothing more was heard of this Bill, which seems to

¹ 5 & 6 Anne, c. 16 (in *Statutes of the Realm*, 6 Anne, c. 68).

² *Digest*, lv.

have been quietly dropped; but the Resolutions are of CHAP. VII
some interest as indicating the ideas of the time on 1774-1793
marine insurance affairs.¹

By Resolutions (1) to (3) inclusive, it was provided that under a policy in which the interest was valued "at a sum certain," or at the sum assured, or in which no particular value was set thereon, the Assured should recover only the actual amount of his loss. There was a proviso that a particular value might be specified for each separate package of the cargo. In policies on ships, the Assured was to specify the value, the tonnage, and whether the ship was British, Plantation, or foreign built. If wages were insured, the amount per month or voyage must be endorsed on the policy.

Resolutions
in Commons.

By Resolution (4), the Assured was not to recover on account of Barratry, unless the Master and mariners actually ran away with the ship or goods, or stole part thereof, and only the actual loss was to be recovered.

Resolution (5) provided that in policies on goods the Assured (or in the case of goods from countries outside Europe, the person to whom the goods were consigned) must state on whose account the assurance was made. It is worth noting that it was not until nearly forty years later, and then at the instance of Lloyd's, that this very reasonable provision was given legal effect.

The sixth Resolution gives indirect support to Westkett's complaint of the duplicity of brokers. It provides that if the Assured or his broker gives material information or a warranty to the Assurers, it must be inserted in the policy, and no proof thereof will be otherwise admitted; but evidence may always be given, on the trial of a dispute, that material facts were suppressed.

Resolutions (7) and (8) relate, respectively, to proportionate return of premium in case of short interest,

¹ H.C.J. XXV, 597-9. Proceedings of 24 March, 1747/8. The resolutions of the Committee are printed in full.

CHAP. VII and to the security for costs to be given by foreign
 1774-1793 plaintiffs. Resolution (9) is imperfectly printed in the Journals, but appears merely to prohibit assurances "at Interest or no Interest, or without benefit of salvage," which were already illegal by the Act of 1746. It may be noted in passing that, although that Act also prohibited re-insurances, Weskett, writing thirty-three years later, states that the insurers at Liverpool and Bristol, in defiance of the law, often covered themselves by re-insurances in London.¹

Finally the Committee proposed to prohibit the abandonment by the Assured to the Assurers of any part of their interest or rights, confining them strictly to their claim under the policy.

Difficulties of
 codification.

There is nothing to show why the intended Bill was dropped; but most underwriters of to-day will probably agree with Robert Stevens, who referred to its fate in his *Essay on Average* of 1813, and observed that few experienced people at Lloyd's would favour codification, owing to the difficulty of making positive laws to suit every case.² There was certainly something more consonant with the genius of British institutions in the memorable series of decisions by which the case law of marine insurance was built up during Lord Mansfield's tenure of office as Lord Chief Justice, and in the gradual evolution of that great body of usage and precedent which became recognised as "the Customs of Lloyd's." It was by these means rather than by premature attempts at legislative reform, that a firm foundation was laid for the codification which ultimately took place under the Marine Insurance Act of 1906.

Weskett himself looked mainly to improved organisation as a remedy for the evils of which he complained. As has already been noted, he was deeply impressed by

¹ *Digest*, p. 383.

² Preface to first edition.

the success of the meeting at New Lloyd's, on January 12th, 1779, in "exploding" attempted innovations in the printed policy. He bears witness also to the utility of the Register Society, and he was anxious for the formation of a new society for the regulation of insurance affairs in general, with a tribunal of merchants, underwriters, and brokers, to be resorted to by the Subscribers in all cases of dispute.

CHAP. VII
1774-1793

Weskett was undoubtedly right in believing that any reform of the marine insurance world must come from within; but in this proposal for a new society, he showed that he had not understood what was taking place at New Lloyd's itself. To him Lloyd's was still Lloyd's Coffee House—a meeting place of underwriters, brokers, and merchants, united only by their common interest as frequenters and proprietors. It is clear that he had no conception of the influence that might be exercised by the Committee of Lloyd's in marine insurance affairs, and that he altogether failed to realise how greatly the general level of conduct in such affairs might be raised by the growth of a stronger corporate spirit in the Coffee House, and by greater care in the admission of Subscribers. His blindness is the more pardonable inasmuch as it was shared, at the time, by the Subscribers themselves.

It was eminently characteristic of the Subscribers to New Lloyd's that they took in hand the settlement of the printed policy only when compelled to do so by an attempt to upset its basic principles. The brokers and underwriters of 1779, like the generations that preceded, and the generations that followed them at Lloyd's, were typically British in their combination of instinctive conservatism with a capacity for constructive reform. The history of Lloyd's is a history of continuous growth and change; but no step forward was ever made until its necessity had been proved by some

Conservatism
of Subscribers
to New Lloyd's.

CHAP. VII
1774-1793

crisis in the affairs of the House. Lloyd's, as a body, has seldom looked ahead. It has confined itself to recognising and dealing with the pressing needs of the moment. Hence its progress has been slow; but it has never had to retrace its steps.

It was a domestic crisis in the affairs of Lloyd's Coffee House in Lombard Street that led, first to the secession to Pope's Head Alley, and then to the formal association of 1771. Having gone so far, any contemporary body of French, German, or Italian merchants would unquestionably have sat down to draw up a constitution, to frame rules and regulations, to appoint officials, and to define the powers and duties of those officials with meticulous care. Not so the Subscribers to New Lloyd's. They had come together for the purpose of dealing with a specific problem—the problem of accommodation. This had been satisfactorily settled; any further question affecting their common interests, could be tackled as and when it arose. The Committee appointed to carry through the scheme of removal was left in being, without formal terms of reference, without any provision for its renewal, and was tacitly entrusted with the management of current affairs. Neither its powers nor its duties were formally defined. In one inspired moment of prevision, the Subscribers secured for themselves full freedom of action in the future, by providing for the right to requisition a General Meeting. Having done that, they turned thankfully back to the things that mattered—the showing of risks and subscribing of policies.

Infrequency of
General Meetings
and Committee
Meetings.
1774-93.

So informally were the affairs of New Lloyd's conducted that the General Meeting of January 12th, 1779, at which the Policy was settled, was actually the first that had been held since March, 1774. The Committee themselves had met only once in 1775, three times in 1778, and not at all—so far as the minutes show—in 1776 or 1777. In 1779, besides the two

General Meetings, and a meeting of the special Policy Committee, there were three meetings of the "Com- CHAP. VII
1774-1793

mittee appointed to Manage the Affairs of this House," or "Committee for the Direction of Affairs in General," as it is variously described; but this was a busy year. For the fourteen years, 1780 to 1793, inclusive, the Minute Book records only seven General Meetings—four of them in 1786, when an extension of premises took place—and eighteen meetings of the Committee. The years 1788, 1789, 1790, and 1793, are all completely blank. It is highly characteristic that, at the last General Meeting in 1786, all business was postponed—and the next Meeting was not held until 1791!

Some further provision must have been made for dealing with routine business, such as signing cheques, but the Committee's activities at this period were almost wholly confined to improvements in accommodation and efforts to induce non-subscribing frequenters of the Coffee House to pay up, and it is probable that any small matters arising from day to day were dealt with informally, in conjunction with the Masters, by such members as happened to be present. Many matters—such as the collection and distribution of intelligence—for which the Committee subsequently became responsible, remained as yet in the hands of the Masters themselves. The very peculiar position of these functionaries must be clearly understood in order to form a just picture of the stage of development at which Lloyd's had arrived.

By the agreement of 1774 the Masters of New Lloyd's Coffee House became tenants-at-will of the Subscribers, removable at their pleasure, and subject to their control. This control was emphasised on Fielding's death in 1779, when Tayler was appointed sole Master, "under the Orders of the Committee." For all this, the earlier Masters of New Lloyd's were men of importance in the world. Subject to the pleasure of

The Masters
become servants.

CHAP. VII the Subscribers, they carried on for their own profit
 1774-1793 the business of the Coffee House, and the publication of *Lloyd's List*. In addition, they acted as managers of Lloyd's Subscription Rooms, and, in some sort, as secretaries to the Committee. As confidential managers for the wealthy and influential society now established at the Royal Exchange, they probably drew a larger income, and commanded greater respect than many prosperous tradesmen who still owned their coffee-houses.

Responsibilities
 of the Masters.

Both their responsibilities and their liabilities were increased by successive extensions of the premises in 1786 and 1791, to which further reference will be made. In each instance, the Committee, as in 1774, defrayed out of the subscribed funds the cost of adapting and fitting up the premises acquired, together with all subsequent expenses for repairs, fittings, and furniture; but they bore no part of the ordinary running expenses, except the cost of insurance against fire, and of vinegar for cleaning the rooms. The Masters were responsible for rent, rates, and taxes on the whole establishment. They engaged and paid the waiters employed as attendants in the Subscribers' Rooms, as well as those required for ordinary coffee-house duties. They provided coals, candles, newspapers, pens and stationery for use in the Subscribers' Rooms, and both the gratuity to the Post Office officials and the fees of the correspondents at the ports came out of their pockets. On the other side of the ledger they could put the profits from catering and the sale of *Lloyd's List*, together with an annual subscription of two guineas from each person frequenting the House. An additional guinea a year, subscribed by frequenters, was distributed among the waiters at Christmas.

There can be no doubt that, as the membership of Lloyd's increased, the Mastership became lucrative¹,

¹ Tayler was able to leave £2,500 cash and £1,000 Stock, in specific legacies, besides a residue which appears to have been considerable.

but it was also arduous and responsible. In addition to carrying on the coffee-house, and supervising the Subscribers' Rooms, it was the business of the Masters to keep the books of arrivals and losses, copy the port letters, see to the prompt posting of all intelligence received, and be ready to answer the enquiries of Subscribers. They wrote and signed letters under direction of the Committee, collected subscriptions, made applications, personally or by letter, to those who neglected to pay their £15, and did their best to exclude such defaulters from the Subscribers' Rooms.

It will be seen that the position of the Masters was by no means that of a mere head waiter (as it afterwards became), and called both for considerable business capacity and for other qualities of a rarer kind—a good presence and address, tact and discretion in their rather informal relations with the Committee and with individual Subscribers, and a polite firmness in dealing with defaulters. These qualities appear to have been found in Fielding's partner and successor. Thomas Tayler, like Fielding himself, appears to have been genuinely proud of his position as servant to a society whose importance he had the intelligence to appreciate. A minute of 1791 refers to his "constant attention, civility, and good conduct," and in 1795, when ill-health drove him to tender his resignation, he did so in a letter which presents a very pleasing picture of the relations between the Master and the Committee:

"After a very severe fit of Illness of more than 2 years, I find my health in that State, that I am unequal to the Duties of my situation, which obliges me to the painful necessity at Christmas next to return into your hands what has ever been the Pride of my heart the Management of this House, under your directions, with the very utmost respect. I beg leave to inform the Committee and the Subscribers in General to this house that the liberal Friendship and protection they have been pleased to bestow on me shall ever remain a grateful remembrance (*sic*) on my mind."

In his will, made a month or two later, Tayler's continued interest in the affairs of the House is testified

CHAP. VII
1774-1793

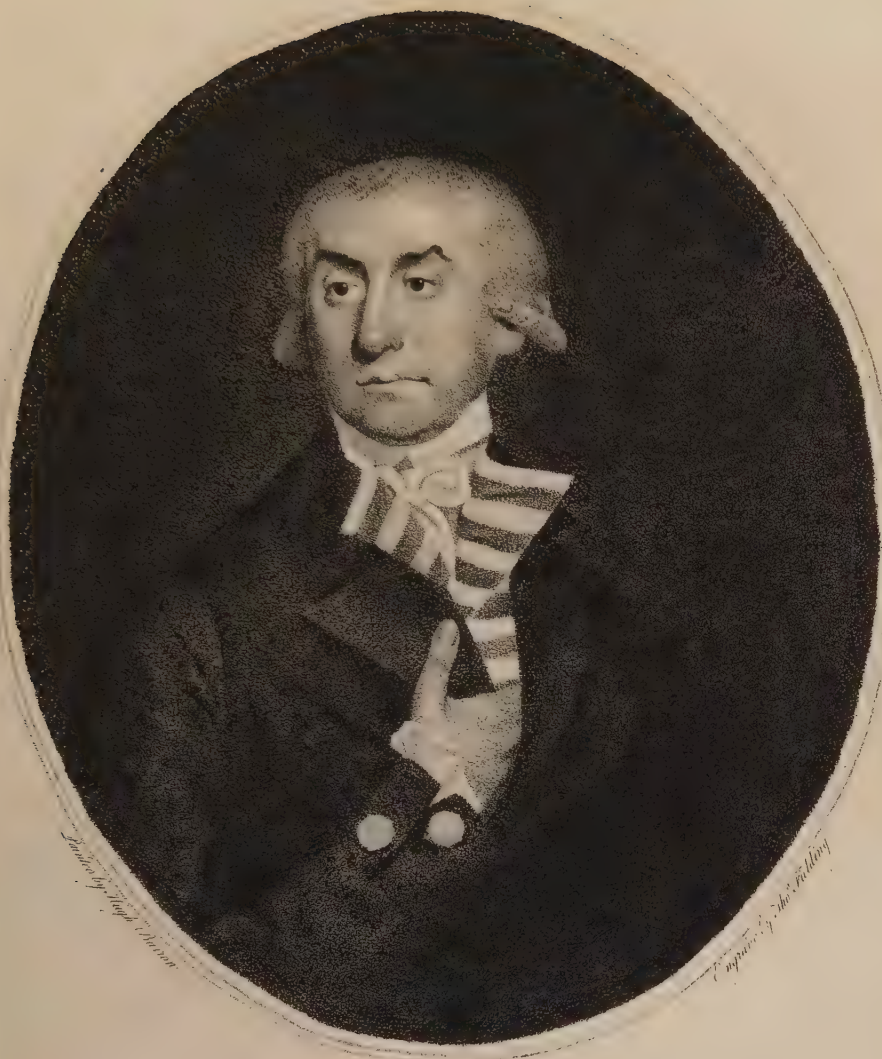
Thomas Tayler
as Master.
1774-96.

CHAP. VII by legacies of £300 to his head waiter, John Bennett; 1774-1793 for his "long and faithful service" (in addition to £200 as a Trustee), and of smaller amounts to seven other waiters. After other legacies (including £500 to the Marine Society), the residue of his estate was left to Mrs. Rixon, daughter of his late partner, Thomas Fielding. His portrait at Lloyd's preserves for us the features of a sharp, business-like man, well-satisfied with his position in the world.

There can be no doubt that Tayler well deserved the "liberal friendship and protection" he so gratefully acknowledged; but the Master of the Coffee House, however zealous and capable, was only a manager under the orders of the Committee, and so long as the Committee concerned themselves, at their rare formal meetings, only with matters of finance and accommodation, there could be little real development. The first twenty years after the establishment of New Lloyd's at the Royal Exchange were marked by a great increase in membership, and in the collective wealth and standing of the Subscribers; but they saw little real progress towards the Lloyd's of to-day.

Efforts to make
all frequenters
subscribe.

The main preoccupation of the Committee was the sanctity of the Subscribers' Rooms. Among those attracted to this business circle there were many who were much readier to take advantage of the facilities offered by Lloyd's than to pay £15 for the privilege, and Committee and Masters were engaged in a continual struggle to enforce payment, and to exclude unauthorised persons from the Subscribers' Rooms. All sorts of methods were tried—resolutions, notices posted at the doors, personal applications by the Master. As time went on, these applications became more and more peremptory. Tayler was instructed to take down the names of frequenters who had not paid—by 1791 he had a list of 109 non-subscribers doing busi-



Thomas Tayler

*This Plate from a Capital Picture by Hugh Barron, is dedicated to Charles W. Montagu, Esq.
by his most obliged & obedient Servant
Tho. Fielding*

London, Published as the Act directs Dec: 1785 by T. Fielding, 408. Fleetstreet, Bishopsgate Street

THOMAS TAYLER, MASTER OF LLOYD'S COFFEE HOUSE, 1774-1796

ness in the House—and there were several threats, never carried into effect, to post the names of defaulters in the Rooms.

The first of these appeals was made in 1778, by which date the “Sums Originally Subscribed of Fifteen Pounds each” were completely exhausted, and “more Money wanted to support the House in proper Order.”

Invested funds
and extension
of premises.
1779-86.

It appears to have touched the conscience of a good many defaulters, for in 1779 the Committee were in possession of a bank balance of £2,000, and were able to form the nucleus of a reserve, by investing £1,500 in 3 per cent. Consols, in the names of “the surviving gentlemen responsible to the Mercers’ Company for fulfilling the terms of the lease,” that is to say, the seven survivors of the original Committee. By 1786, as the result of further appeals, the Subscribers’ Room had become unbearably crowded, and the lease of a large adjacent apartment was acquired, to serve as an additional Subscribers’ Room.

John Julius Angerstein, who took such a prominent part in the acquisition of the original premises, was again well to the fore in these negotiations. He was in the chair at the General Meeting which sanctioned the necessary expenditure, and was given full power to treat with the Mercers’ Company’s surveyor. In recognition of his services, the Meeting passed a resolution increasing the number of the Committee from nine to ten, in order to permit of Angerstein’s election.

Angerstein’s
leadership.

According to the tradition generally received, Angerstein was actually Chairman of Lloyd’s from 1790 to 1796; but there is very little evidence to support the statement. No meeting of the Committee or the Subscribers, at which he could have been elected, is recorded between 1789 and 1791, and he presided over only one of the five General Meetings held during the years 1791 to 1796, inclusive. The only scrap of real evidence that can be discovered is a newspaper report

CHAP. VII describing Angerstein as, "at the head of the Committee who conducted the business" of fitting up a new extension of the premises in 1791.¹

New extension
of premises.
1791.

The premises then acquired consisted of two offices hitherto occupied by the Governors of the Merchant Seamen's Hospital, which were converted into a new Subscribers' Room. The Committee's report, recommending acquisition of the premises, was presented by Brook Watson, who took the chair at the General Meeting; but the records of the Mercers' Company show that Angerstein, as usual, carried through the negotiations with the Gresham Committee.

Both the magnificence with which this new extension was fitted up, and the business enterprise of those who were to use it, made a deep impression on the reporter of the *Public Advertiser*, who rose to almost lyrical heights on the occasion:

"LLOYD'S—The new room just opened at this Coffee house, for the use of the Underwriters, is in stile (*sic*) of finishing, and point of elegance, the first in the Kingdom; connected as it is with the other three, the tout ensemble forms the most perfect suite of any in Europe appropriated to commercial purposes . . . In this room the daring hand of the Underwriter, with pen and paper, is to brave the united force of Neptune and Boreas."²

Had he foreseen the events of the next few years, he would undoubtedly have added Mars.

These extensions involved a considerable capital outlay. They also saddled Tayler with a much increased liability for rent and expenses—the various leases were consolidated in 1792 at £300 per annum—and to compensate him therefor, the Committee recommended that "Gentlemen frequenters" should increase their annual subscriptions by half a guinea. A similar increase appears to have been made by the Subscribers, voluntarily, in 1797, on the ground of increased cost of necessaries, bringing up the total annual subscription

¹ *Public Advertiser*, 21 July, 1791.

² *Ibid.*

to four guineas—three for the Master and one for the waiters. CHAP. VII
1774-1793

Twice only, during these years, did the Committee turn from questions of subscriptions and premises, to deal with weightier matters. On the first of these occasions they were responsible for a very important addition to insurance law, and the manner in which this was done is eminently characteristic of the haphazard informality which marks this stage in the development of Lloyd's.

Activities of
the Committee.
1784-93.

The one General Meeting of 1785 was held on February 23rd, and concerned itself solely with domestic affairs. The Subscribers' and Coffee Rooms were to be shut at 8 p.m. on Mondays, Wednesdays, Thursdays, and Saturdays, and at 9 p.m. on Tuesdays and Fridays. As the underwriters of that day were only to be driven home by strong measures, two waiters were to ring large bells incessantly until the rooms were emptied, and the fires and candles were to be extinguished as a further method of persuasion. Resolutions to this effect were to be signed by the Chairman (Mr. Joshua Readshaw), and published in the newspapers.¹ There is not a word in the minutes to suggest that any larger questions were so much as mentioned.

Nevertheless, at the next Committee Meeting, on March 10th, Mr. Thoresby, apparently the Solicitor to the Committee, was ordered "to prepare a Draft for an Act of Parliament to oblige the Assured to Insert his Name or that of his Agent in all Policys of Assurance—and to be delivered to Mr. Harley." Some four months later a draft for ten guineas was signed in favour of Messrs. Thoresby and James, for preparing an Act of Parliament, and here the matter ends, so far as the records of Lloyd's are concerned. No report as to the character or the fate of the Bill was made to any meet-

Act to compel
insertion of
name of Assured
in policies.
1785.

¹ See advertisement in *Morning Chronicle*, 25 February, 1785.

CHAP. VII ing of the Subscribers; there is no mention of its progress in the proceedings of the Committee. It is only from the Journals of the House of Commons that we learn that Mr. Alderman Harley and two other Members were actually instructed, on May 23rd, to prepare and bring in a Bill to regulate marine insurances, which subsequently received the Royal Assent; it is only by reference to the Statute Book that we can identify this Bill with that drafted by Mr. Thoresby on the Committee's instructions.¹

Committee
on losses by
illicit trade.
1786.

In the following year, 1786, a special Committee was appointed to confer with the "Public Offices" (that is to say the two Corporations) on the question of underwriters' liability for losses occasioned by illicit trade; but no record of the special Committee's proceedings has been preserved. Some report must, presumably, have been made to the Subscribers; but all trace of it is lost.

Slow growth
of Lloyd's.
1774-93.

It will be seen that the record of Lloyd's down to the outbreak of the great French war in 1793, which inaugurated a new epoch in its history, is one of growth in size rather than of development in organisation and functions. There were now several hundred Subscribers as against 179 in 1774. Instead of a single Subscribers' Room with a floor space of about 970 square feet, there were now three with a floor space of 4,200 square feet. The increasing wealth and influence of men like Angerstein and Brook Watson added, no doubt, to the prestige of the society. Yet in all essentials Lloyd's was what it had been in 1774. The Subscribers had no corporate interest other than the provision of adequate business accommodation; the duties of the Committee were almost wholly confined to the satisfaction of this demand. General Meetings were held only at rare intervals, to deal with emergency

¹ H. C. J., Vol. XL, 1006, 1011, 1122; Stat., 25 Geo. III, c. 44. The Act was repealed, three years later, by 28 Geo. III, c. 56, which repeated its provisions in a somewhat more precise form.

business. There was no provision either for con- CHAP. VII
tinuous control of the Committee by the Subscribers, 1774-1793
or for continuous attention by the Committee to ques-
tions affecting the interests of underwriters and brokers.
The growth of Lloyd's to maturity during the next
twenty years was due, mainly, to consequences of the
war itself.

CHAPTER VIII.

WAR RISKS AT LLOYD'S.

1793-1815.

THE prolonged struggle against Revolutionary and Napoleonic France which lasted, with two brief intervals of truce, from 1793 to 1815, ran a very different course from the War of American Independence. Great Britain was again faced by formidable coalitions, and there were times when the material odds against her were heavy and menacing; but the moral balance had shifted since the days when the Franco-Spanish armada chased Hardy up Channel. A succession of smashing victories—the First of June, St. Vincent, Camperdown, the Nile, Copenhagen—marked the progress of the struggle, and for the last ten years, after the crowning glory of Trafalgar, the supremacy of the British fleet was unchallenged and unchallengeable.

Serious war losses.

The stability of Lloyd's was subjected, nevertheless, to a searching test; perhaps the most searching it has ever undergone; for the strain was far more prolonged than in any earlier war, and there was no State Insurance Scheme to supplement, as in 1914-18, the resources of the insurance market. Before the predominance of the British Navy was finally established, there were many anxious moments, and while Trafalgar finally removed all danger of invasion or blockade, the superiority of our battle-fleets proved as powerless as in a more recent conflict to put an end to the sporadic attack on commerce, carried on by the enemy's lighter craft. Every French port on the Channel was a nest of privateers; strong squadrons of frigates, and even of ships of the line, evaded the blockading forces, to cruise against British commerce in the Soundings

or in the Mediterranean. In the outer seas, every French island in the West Indies was a base for the attack on trade; a powerful concentration of frigates at Mauritius menaced the rich East India fleets; that daring raider, Sourcouf, anticipated the *Emden's* exploits in the Bay of Bengal.

CHAP. VIII
1793-1815

At the very moment when the French attack appeared to have been mastered, the outbreak of war with the United States let loose a new swarm of hornets on the trade routes. The *Essex*, in her cruise against the southern whale fishery, inflicted damage estimated at nearly £600,000. A single Salem privateer, the *America*, carried in twenty-six prizes which sold for more than a million dollars.¹

Meanwhile, Napoleon's Berlin and Milan Decrees, and the measures adopted by the British Government to counteract them, had brought into operation a series of embargoes, seizures and reprisals which foreshadowed the ruthless developments of economic pressure in a later, and even more terrible conflict. State after State was compelled, by force or threats, to close its ports to British shipping, and British goods became liable to sequestration throughout the greater part of Europe.

The clauses inserted in policies on voyages to the Baltic and the North of Europe, during the later stages of the war, show clearly the nature of the risks. Two forms of policy were in use. One contained a written clause, "Warranted free from capture in port." The other covered all risks, and the insurance was to continue, "Until the Goods are safely deposited in Houses or Warehouses of the Consignees." When the goods were destined for the interior of Germany, the insurance was often extended to cover the risks of "Land or Water Carriage until safely arrived."

Clauses for
Baltic trade.

¹ Mahan, *Admiral Farragut*, 1892, p. 28; S. E. Morison, *The Maritime History of Massachusetts*, London, 1923, p. 202.

CHAP. VIII The ultimate destination of many, perhaps most of
 1793-1815 these cargoes, lay within the territories controlled by France or her Allies and vassals. Some of the goods undoubtedly found their way, by devious channels, to France herself.

Trading with
 the enemy
 permitted.

There was nothing in this shocking to the conscience of the time, for a "favourable balance of trade" was still considered to be an object well worth pursuing even by the supply of goods to the enemy. A contemporary writer actually congratulates the Government on "the wise and enlightened policy" which, "in spite of all the efforts of the hostile Nations to prevent it, has opened a lucrative and beneficial Trade *to their respective Countries*, unexampled in all former Wars."¹ This trade, however, was subject from the first to very definite and very drastic restrictions. The peculiarly national and embittered character of the struggle against Revolutionary France emboldened the Government, in the very first year of the war, to introduce a Traitorous Correspondence Bill, which aimed at a more complete cessation, or control, of intercourse with the enemy than had been attempted since the days of William III.

Traitorous Cor-
 respondence Act.
 1793.

Among other things, this Bill definitely prohibited the insurance, on any voyage whatsoever, of vessels or goods belonging to any person living in French dominions, and the insurance of arms, ordnance, masts, timber, sailcloth, and other naval stores, coals, saltpetre, provisions, and certain other articles, on a voyage to any port in French territory.²

It will be observed that these provisions fall far short of what we should expect in a similar Bill to-day. There was, in fact, a long list of articles, the insurance of which was permitted, even on a voyage to a French port. The prohibition extended only to the insurance

¹ P. Colquhoun, *Commerce and Police of the River Thames*, 1800, p. 36. The italics are in the original.

² 33 Geo. III, c 27.

of French property, and of commodities that could be used by France in the actual conduct of the war.¹ Nevertheless, the clause was strenuously opposed by Charles James Fox, on the ground that, "as the premium was always more than equal to the risk," the balance of advantage lay with the insurers. He had, indeed, "less objection to this clause than he had to many of the others," because it appeared to him to be "merely foolish."²

Despite this opposition, the Bill passed into Law; but all was not yet plain sailing for the underwriter. As the war went on, and particularly after its renewal in 1803, following the short-lived Peace of Amiens, the exercise of economic pressure assumed greater and greater importance in the eyes of both belligerents, and that pressure was exercised through a series of arbitrary Decrees and Orders in Council which aimed, nominally, at a complete suspension of intercourse between the enemy and the rest of the world. In practice, both sides were still dominated by mercantilist theories and by purely financial considerations, and aimed rather at the regulation than the prohibition of trade. Napoleon's great object was to exclude British manufactures and Colonial products from the Continental markets, and so cripple the financial power that enabled Great Britain to subsidise coalition after coalition. The British Government was equally determined to force British goods into Central Europe, and if some of those goods went through to France, they were well content to see the enemy drained of gold by the purchase of such commodities as did not contribute directly to his fighting strength. They aimed, too, under a plea of retaliation, at securing for British goods a monopoly of the Continental markets.

In these circumstances, all cargoes consigned to territories under French domination, became good prize,

CHAP. VIII
1793-1815

Objects of
economic
pressure.
1793-1815.

¹ The prohibition of insurance on provisions was probably due, in part at least, to the fact that the French West Indian Islands were not self-supporting.

² *Parl. Hist.*, XXX, 586.

CHAP. VIII unless they were covered by a British pass, and after
 1793-1815 the issue of the Orders in Council of 1807, the Committee of Lloyd's instructed their Solicitor to take counsel's opinion as to the legality of "Foreign Insurances with a Clause to pay a Loss in case of British Capture." The counsel consulted, including the Attorney-General, were unanimously of opinion that such insurances were perfectly innocent when effected on British or neutral property, although "illegal if not criminal" when made on enemy property. At a later date, however, this opinion was modified, as the result of official pronouncements, and the illegality of insurance against British capture was clearly established. It could still be done at Lloyd's, but only "at a very high premium," and not "expressed upon the policy."¹

Insurance against
 British capture.

It is worth noting as showing how obscure was the legal position, that, in comparatively recent times, the risk of British capture was not infrequently covered by a clause pinned to the policy.

"Simulated
 papers."

The trade with Central Europe, through Tonningen and the Baltic ports, during the later stages of the war, was inevitably carried mainly in neutral vessels, which received licenses from the British Government to ignore alike the Orders in Council and the provisions of the Navigation Acts. These licenses protected them against capture; but in order to prevent the seizure of ships and cargoes under the Berlin and Milan Decrees it was necessary to give a neutral colour to the goods, and there were firms who openly specialised in the supply of forged shipping documents for this purpose. Among the archives of Messrs. Hobson, Allfrey and Wheeler is an interesting relic of this risky, but lucrative traffic, in the shape of a policy of 1808 on indigo in the *Johanna*, London to Holland, "with liberty to carry simulated papers." The insurance is against all

¹ *Report from the Select Committee on Marine Insurance*, 1810, Evidence of Shedden and Angerstein.

risks, except British capture, "until safely warehoused in the warehouse of the Consignee," and the measure of the risk is reflected in a premium of 40 guineas per cent. A similar clause was sometimes used during the Russo-Japanese war.

CHAP. VIII
1793-1815

Although some cargoes got through to France, the bulk of this trade was intended for the supply of States that had been, and were to be again Allies of Great Britain, and had been forced, unwillingly, into compliance with the Berlin and Milan Decrees. There was always, however, a certain amount of more or less direct trade with France herself. In 1808, Mr. John Janson wrote a line, at 50 guineas per cent., on a voyage "London to France," and he frequently accepted risks at 8 to 12 guineas per cent., on vessels from "Charente" and Bordeaux, bringing cargoes of claret to London or Leith.¹ There appears also to have been a good deal of smuggling of colonial produce into France through Madeira, the Azores, and the Channel Islands.

Insurance of
trade with
the enemy.

An interesting memento of this anxious period has recently been presented to the Corporation by a Member of Lloyd's. It consists of a fine silver urn bearing an inscription:

Committee on
American Captures.
1797-1806.

"Presented by the Committee on American Captures at Lloyd's Coffee House to Thomas Backhouse, their Chairman, as a token of their esteem and respect for his able, zealous and indefatigable attention to the object of their concerns for the last ten years. London 10th May 1806."

During the ten years from 1797 to 1806 both Great Britain and France were at peace with the United States; but the "peace" was even more uncomfortable than that which subsisted between France and Germany during the years following the close of the Great War. The reaction of the French wars on the United States was equally serious to the statesmen and ship-owners of that country and to the underwriters at Lloyd's. American ships were liable to capture by

¹ J. T. Danson, *Our Next War in its Commercial Aspect*, 1894, pp. 33, 53-4.

CHAP. VIII British cruisers if they were carrying cargoes for
 1793-1815 France or her Allies, and to seizure by the French if they engaged in British trade. In January, 1797, it was reported that no fewer than 80 American vessels were awaiting the result of prize court proceedings at Guadeloupe,¹ and so outrageous was the attitude of the French authorities, that the United States Government was eventually driven to take forcible measures for defence of American interests. How deeply Lloyd's was interested in these proceedings is shown by a piece of plate still to be seen in Washington:

Presentation to
 American Captain.

"Presented by the Underwriters and Merchants at Lloyd's Coffee House in London to Captain Thomas Truxton of the American Frigate 'Constitution' as a Mark of their Sense of his Services and Admiration of his Gallant Conduct in taking the 'Insurgente' French Frigate of 44 guns in the West Indies in February 1799."

The *Constitution* is better known in naval history for her capture of the British frigate *Java* in 1812; but her half forgotten action with the *Insurgente* illustrates admirably the difficult position of the United States, between the upper and the nether millstone. The excellent Mr. Backhouse, for his part, was doubtless afflicted by a sea of troubles caused by French decrees on the one hand and British Orders in Council on the other. Probably a presentation was never more richly deserved or more laboriously earned.

It is clear that the writing of war risks from 1793 to 1815 was a complicated and difficult business. Any attempt to assess, arithmetically, the measure of the risks lands the inquirer at once in a quagmire of conflicting evidence and hazardous conjectures; but the question is of so much interest in itself, and has so important a bearing on the history of Lloyd's, that it cannot altogether be ignored.

The total losses of British shipping are given by C. B. Norman, in his book, *The Corsairs of France*, as 5,557 vessels captured from the outbreak of war to the Peace

¹ *Lloyd's List*, 28 March, 1797.



*Urn presented to Thomas Backhouse by Committee
on American Captures 1806*

of Amiens, and 5,314 from the renewal of war down to the end of 1814. These figures, prepared "from what data it is impossible to ascertain," have been followed by Mahan, and other writers on naval history; but they are subject to serious suspicion.¹ A table compiled from *Lloyd's List*, for the period 1793-1801, by John Bennett, the first Secretary of Lloyd's, shows a total of only 3,919 vessels, of which 799 were re-taken, leaving 3,120 in the enemy's hands. The authority of this table must rank high. It was entered by Bennett in the Minute Book, and was presumably compiled for the official purposes of the Committee, or the Admiralty. Bennett himself was not only an able official, he was exceptionally industrious and methodical, and as he was in charge of the shipping intelligence at Lloyd's, he had every possible facility for checking his figures, weeding out duplications and unconfirmed reports, and distinguishing between British and neutral (especially American) ships. His results, moreover, are confirmed by an independent calculation, based on the figures of ships registered and built.² The two tables compare as follows:

CHAP. VIII
1793-1815

Bennett's
statistics
of losses.

Year.	Norman's figures of British ships taken.	Bennett's figures of British Ships	
		Taken.	Re-taken.
1793	352	233	63
1794	644	526	88
1795	640	491	47
1796	489	414	63
1797	949	562	115
1798	688	486	107
1799	730	404	91
1800	666	424	124
1801	399	358	99
1802 (to 23 April)	—	21	2
Total	5,557	3,919	799

¹ C. B. Norman, *The Corsairs of France*, 1887, Appx. XXII; H. W. Wilson in *Cambridge Modern History*, VIII, 485.

² See Appendix "A."

CHAP. VIII The *Naval Chronicle*, professedly basing its figures on 1793-1815 *Lloyd's List*, stated the losses down to the end of 1800 only, as 4,344 (of which 705 were re-captured)—a figure just halfway between Bennett's and Norman's totals for the same period. Colonel Hozier, Secretary of Lloyd's from 1874 to 1906, put the total for 1793-1800 at 3,466, a slightly lower figure than Bennett's. Neither of these calculations, however, can claim the same authority as Bennett's table.

One possible explanation of the discrepancies is suggested by Bennett's own comments on a later return, prepared by another hand, of vessels captured by American raiders. On checking this return, he found that the total had been swollen by many ships being entered twice; first, on the original news of their capture, and again when they were reported as carried into an enemy port. It is also possible that Captain Norman's data did not clearly distinguish between British ships and neutrals with British cargoes, and this is the more probable because the discrepancy is greatest for the year 1797, when a large number of American vessels were condemned by the French and Spanish Courts, on the plea that they were navigated without the *rôle d'équipage* required by treaty.

Assuming Bennett's figures to be correct, the average yearly loss was 435 ships, or 347 after deducting those re-captured. With what should these figures be compared?

The one absolutely certain basis of comparison is the number of ships on the Register of the British Empire. For the years 1793-1801 inclusive, the average number of such ships was 17,463, so that the average annual loss, on Bennett's figures, would work out at no more than $2\frac{1}{2}$ per cent. gross or 2 per cent. net (deducting re-captures). This is not a very satisfactory basis, as the shipping on the Register included many thousands of small vessels engaged in branches of the British, Irish, and Colonial coasting trades that were

little exposed to attack; but in the present state of our knowledge it is impossible to go beyond it without some recourse to estimate and approximation. CHAP. VIII
1793-1815

By far the most serious attempt that has been made to work out a satisfactory criterion of losses was by Captain (then Commander) K. G. Dewar, R.N., who used Norman's figures for an estimate of the annual ratio of losses to vessels engaged in the foreign trade of Great Britain, and obtained results varying from 3.8 per cent. in 1793 and 1812, to 11.5 per cent. in 1797, with an average of about 5 or $5\frac{1}{2}$ per cent.¹ Captain Dewar's calculations, however, are based on imperfect material, apart altogether from the suspicion attaching to Norman's figures. He arrived at the number of ships engaged in foreign trade by dividing the total tonnage cleared each year by 125 (assumed to be the average tonnage of the individual ships), on the assumption that ships in the foreign trade cleared, on the average, only once in the year. This assumption is accurate enough so far as the long-distance trades are concerned; but the traffic of Great Britain with Ireland, Man, and the Channel Islands was included, at this period, in the returns of foreign trade. These returns show the actual number, as well as the total tonnage of the ships entered and cleared, and they show that this traffic actually accounted for more than sixty per cent. of the total entrances and clearances in "foreign trade." Ships engaged in this traffic must have averaged at least three or four round voyages in the year, and some of those in the European trades must also have cleared, even under war conditions, more than once annually.²

Ratio of
losses to
sailings.

¹ "What is the Influence of Overseas Commerce on the Operations of War?" *Journal of the Royal United Service Institution*, April, 1913.

² For the years 1793-1801 inclusive, the average entrances and clearances are as follows:—

	Entered.	Cleared.	Mean of Entrances and Clearances.
Foreign Trade proper: Northern Europe ...	2,517	1,950	2,233
Southern Europe ...	535	375	455
All other parts ...	1,225	1,368	1,297
	4,277	3,693	3,985
Ireland, Channel Is. & Man	6,165	7,121	6,643
Total "foreign trade" ...	10,442	10,814	10,628

CHAP. VIII Further, the entrances and clearances in the foreign
 1793-1815 trade of Great Britain are not a satisfactory basis for comparison with figures which include all losses of ships on British, Irish, or Colonial Register. Captain Dewar rightly points out that the losses must have included many coasting traders. They also included, in fact, many ships employed in the trade of Ireland and the Channel Islands with foreign parts, or in cross-voyages. Many of the cross-trades, including a large proportion of the traffic between the West Indies and the United States, passed during the war into the hands of neutral, more especially American shipowners; but a great number of British ships were still engaged in carrying salt fish from Newfoundland to Portugal, in the trade between the West Indies and the British North American Colonies, and in the local traffic of the West Indies themselves. A careful analysis of 660 losses recorded in the *Lloyd's Lists* for the months of March, June, September, and December, in each of the four years 1795, 1797, 1798, and 1799, has been made for the purposes of this history. The results, which will be found in Appendix "A," show that about two-thirds of these losses occurred in the foreign trade of Great Britain, as then defined, and about one-third among vessels otherwise engaged. More exactly, out of every 100 ships captured by the enemy during those months, 63 were engaged in the foreign trade proper of Great Britain, 4 in the trade of Great Britain with Ireland and the Channel Islands (where the losses were always comparatively light), and 33 were coasters, ships on cross-voyages, or in other employment.

A new estimate
 of losses in
 foreign trade.

Pending a re-opening of the whole question, involving the tracing of each individual loss, this analysis, which has been checked by experimental sampling at other periods, may serve as the basis of an estimate that should be reasonably reliable. On this basis, and accepting Bennett's figures, the average annual loss of

ships engaged in the foreign trade of Great Britain, as then defined, works out for the war of 1793-1801 at only 1.37 per cent. of the combined entrances and clearances, or 1.09 per cent. if re-captured vessels are deducted. This ratio of losses to sailings is surprisingly low; but it is accounted for by the comparative immunity of the Irish and Channel Islands trade. In the foreign trade proper, in which the underwriters were mainly interested, the ratio of losses to sailings was 3.44 per cent., reduced by re-captures—which left the underwriters with heavy salvages to pay—to 2.75 per cent. These figures must, of course, be doubled in order to show the risk on the round voyage.

Further, while the average number of round voyages in the foreign trade proper was 3,985 a year, the actual number of ships engaged in that trade was probably not more than about 3,550, and the annual ratio of losses to ships employed would work out at 7.72 per cent. gross, or 6.17 per cent. net.¹

Estimates, however, are never wholly satisfactory, nor can the number of British ships captured be taken, in any event, as giving a true picture of the underwriters' losses and anxieties. The losses were not evenly spread over either the whole period, or the whole trade, and the most dangerous voyages were often those on which the biggest policies were written. In addition to war risks, there were the ordinary marine risks which, taking the foreign and coasting voyages together were, numerically, equally or almost equally heavy. Moreover, the underwriters at Lloyd's were largely interested in the cargoes of neutral ships, and these cargoes were often covered, as has been seen, not merely against capture at sea, but against the risks of seizure in port, and of inland transit.

A truer picture of the situation, from the underwriter's point of view, is given by the elaborate analysis

An analysis
of premiums.

¹ For details of the calculations see Appendix "A."

CHAP. VIII of premiums made by Mr. J. T. Danson in his book, 1793-1815 *Our Next War in its Commercial Aspect*, published in 1894. This analysis is based on the voyage books of three underwriters bearing names well-known at Lloyd's—those of John Janson for the years 1805 and 1808, Edward Allfrey for 1810, and George Hobson for 1811-1816 inclusive. It must be remembered, of course, that the rates quoted represent only the accounts of one individual underwriter for each year, and may vary considerably from those quoted by many of his fellows; but, subject to this caution, they present so vivid a picture of the business carried on at Lloyd's during the world war of a century ago, that it is well worth while to reproduce a few of the more salient figures.

The year of
Trafalgar.

Take, for example, the year of Trafalgar, and the routes specially affected by the movements of hostile fleets. For homeward voyages from the West Indies, the average rate on 76 risks accepted by Mr. Janson during the first quarter of the year was $8\frac{1}{2}$ per cent. The arrival of Villeneuve's fleet in the West Indies, sent it up to $13\frac{1}{2}$ per cent., and thence to 15 per cent. and over. It touched 16 per cent. when he was making for the Channel, but fell to 11 per cent. after his indecisive action with Calder and his return to Cadiz. For the rest of the year it varied between 12 and 14 per cent. The outward rates were lower; but the mean rate for the first quarter was $6\frac{1}{2}$ per cent.; in the second quarter it rose to $9\frac{1}{2}$ per cent., whence it gradually declined to 7 per cent. in December.

From Jamaica homewards, the quarterly averages varied between $10\frac{1}{2}$ per cent. and 15 per cent., and the highest quotations from 18 to 20 per cent. For shipments to Gibraltar, the Mediterranean, and Africa, 20 and 25 per cent. were quoted, and during the last three months of the year the lowest rate was 9, and the mean rate about 18 per cent. The round voyage to the East Indies could be done at 12 to 14 guineas on private

ships (the East India Company carried their own risks), but several voyages to or from the Azores and Madeira, the centres for a big contraband trade with the Continent, were covered at 30, or even 50 guineas. CHAP. VII
1793-1815

Trafalgar, while it crushed the battle-fleets of France and Spain, brought little immediate relief to commerce, as is clearly shown by Danson's analysis of Janson's premiums on 5,716 risks accepted during 1808. Indeed, the premium rates of 1808 bear traces of a new and deadly menace to one great branch of British commerce. Napoleon's reply to the destruction of his hopes at sea was the issue of the Berlin and Milan Decrees, prohibiting intercourse with Great Britain; and the rapid extension of French influence on the Continent rendered this paper blockade something more than an empty threat. British goods continued to pour into Central Europe through the Baltic ports, but only at grave risk of seizure, both of ships and cargoes. In 1805, Baltic risks could be covered at a comparatively modest premium, the quarterly averages fluctuating between 3 per cent. and 5 per cent. In 1808, premiums of 20 per cent., 30 per cent., and even 40 per cent., were common, and the average rates were far higher than on voyages of any other class. After Trafalgar.

Dawson's figures for 1808 have been tabulated on the following page, and they give a graphic picture of the risks to which British commerce was still exposed, even after the main fleets of the enemy had been crushed. In studying the table, it must be remembered that many of the higher rates were, presumably, subject to returns in respect of ships sailing with convoy and arriving. On the other hand, the average premiums, in the last column of the table, are reduced by the inclusion of many risks on specie, etc., carried in packets and ships-of-war—for which specially low rates were quoted—and on neutral voyages to ports outside the limits of French domination.

CHAP. VIII

JOHN JANSON'S PREMIUMS OF 1808.

1793-1815

Voyage.	Number of Risks.	Total Amount Insured.	Highest Rate per cent. in each quarter.				Average Rate over whole year.
			1	2	3	4	
Premium rates of 1808.		£					
To America N & S.	501	108,650	20	12	10	15	£7 15 0
From „	178	43,800	18	12	9	12	£8 13 0
To New-foundland	106	16,900	8	8	7	6	nearly 5%
From „	61	17,000	—	—	—	—	£4 10 0
To West Indies	274	47,700	15	20	12	12	£8 11 0
From „	329	64,500	20	15	20	30	over 10%
To Jamaica	179	34,300	10	12	8	8	£6 15 0
From „	189	45,100	18	20	16	18	Most common rates 8-10%. Packets 4%. nearly 8 guas. %.
To Gibraltar and Mediteranean	351	70,400	30	12	10	10	
From „	109	25,200	—	—	—	—	11%.
To France, Spain & Portugal (chiefly Azores)	204	39,600	20	10	10	12	£8 0 0
From „	302	62,200	15	15	14	40	ca. 9%.
To Baltic & Dutch ports in enemy's hands	376	62,800	30	40	30	20	First & last Quarter £13. 6. 8; second and third quarters £11. 10. 0. 19%.
From „	409	53,600	30	30	30	40	
To Tonnin-gen, Emden, etc.	31	6,400	Heligoland ca. 3 guas.; Hamburg 15-25 guas.; Dutch ports 3 to 30 guas.				
From „	8	1,500	All at 10 guas.				
To and from East Indies	242	—	London-China 6 to 12%; Cape-London 12%.				
Miscellaneous	69	—	To South Sea and back at 15-20%; Honduras, round voyage, 25%.				
Time Risks	72	—	Twelve months, ca. 9%; six months, 6%.				
Coasting & Irish Risks	1,726	286,550	—	—	—	—	£2 6 8

Dec 19 100 S 10¢ Mary & Isabella Nichols
 " 21 200 G 7¢ George & John Maltby
 Jan 10 24 G 10¢ Mary & Ann Gray
 " 25 500 G 2¢ Montcalm & Mary
 Dec 9 200 G 3¢ Mary Chivers
 " 11 200 G 2¢ Moses Rogers
 " 14 200 G 2¢ Minerva Walker
 " 16 250 S 20¢ Matilda Hoge
 " 17 200 S 5¢ Mary Jackson
 " 18 200 G 2¢ Moses Rogers
 " 20 200 G 4¢ Menter Gorton
 " 130 G 5¢ Anna Catharine Dunning
 " 138 G 2¢ Moses Rogers
 " 100 G 1¢ Mary & Eliza Landon
 " 21 100 S 20¢ Minerva Edwards
 " 28 150 S 7¢ Minerva Glenister
 " 1 100 G 2¢ Minerva Brown
 " 2 300 G 8¢ Minerva Hull
 2¢

London Shirts & Neck Guards, & Linen A
 Plymouth London for Hancock A
 Aperta Bristol John Medwell A
 London Philadelphia Turn & Miller A
 Ipswich Liverpool Hancock A
 School Philadelphia for Hutchinson A
 St Dunstons Tunningham Rucker A
 New York City Carthage, New York A
 Litchfield and London Dodd & Co A
 School Philadelphia & Hensley A
 Rotterdam Alderney Campbell & Co A
 Bristol Tunningham Tailors & Co A
 School Philadelphia & Hensley A
 China Collecting Bazaar A
 Honduras London & Hensley A
 London Boston Hutchinson A
 London Tunningham Gollings A
 Mactinich London Augustin & Co A

During the years 1810 to 1814 inclusive, the most notable features are the sudden jump in West Indian and North American rates after the United States declared war in June, 1812, and the manner in which the Baltic premiums reflect the progress of Napoleon's arms on the Continent. From 1810 to 1812, the yearly average on homeward risks never falls below 16 per cent.¹ By 1814, thanks to the rebellion of Russia and Sweden against the Continental System, and the renaissance of Prussian independence, it had fallen to 4.7 per cent. The following table of typical rates will illustrate, sufficiently, the fluctuations of these eventful years.

Premium rates
of 1810-16.

TYPICAL PREMIUMS 1810-14 FROM MR. GEORGE HOBSON'S BOOKS.

Voyage.	Average rate of Premium.							
	1810	1811	1812 Jan.— May	1812 June— Decr.	1812 Jan.— Decr.	1813	1814	1816
Jamaica—Out ..	5.17	7.0	4.1	7.4	6.4	7.2	5.7	2.0
Home	7.4	8.3	6.8	11.1	8.0	10.7	8.6	3.6
West Indies—								
America, cross-	3.6	4.5	10.5	19.0	17.0	16.0	13.0	3.5
voyages								
Scandinavia and								
Baltic—Out ..	21.5	18.1	16.1	11.0	13.2	7.0	3.55	1.8
Home ..	17.2	22.0	19.5	15.8	16.0	9.3	4.7	3.4
Ireland—London	3.5	3.0	2.65	5.6	3.8	2.5	2.5	1.1
Coasting Great								
Britain	1.5	1.54	1.33	1.26	1.29	1.21	1.34	0.97
Average rate of	7.0	6.2	—	—	6.6	6.76	5.37	2.26
Premium on all								
voyages, foreign								
and coasting.								

The figures for 1816 are given for purposes of comparison, as representing mainly marine risks, but Dan-

¹ Danson, pp. 70 & 90, shows the average rates out and home for 1810 as 2.15 % and 1.7 % respectively, but his figures of values and premiums show clearly that this is a misprint for 21.5 % and 17.2 %.

CHAP. VIII son considers that the average rate over all, 2.26 per cent., should be subject to a deduction of about one-fourth, in respect of returns made, on the assured return of peace, on risks not actually run. On this basis, about 1.7 per cent. out of the average rates for the war years would represent marine risks. It must again be emphasised that all these average rates are brought down by the inclusion of insurances on men-of-war, packets, and neutrals.

Underwriting
crises of the
war.

Over the whole period, the premiums were, no doubt, adequate to the risks; but there were times when the stability of Lloyd's was severely tested. The first great crisis arose in 1794, when the unexpected outbreak of war with the Netherlands led to the seizure of all Dutch ships and cargoes in British ports, on which "insurances to an immense amount," had been made "upon the confidence of the amity subsisting between this country and Holland and the very little apprehensions entertained that such amity and intercourse could be interrupted." So serious were the claims that the Committee were driven to seek an interview with Pitt himself, in the hope of obtaining legislative relief. Their efforts were vain, and every shilling of the amounts insured became a total loss. In the following year Richery captured thirty out of sixty-three ships, mostly laden with silk, in a convoy from the Levant; and in these two years, one underwriter alone, Robert Shedden, paid losses to the amount of £190,000.¹

"A very trying
time."

In 1797, came the French and Spanish condemnations of American vessels, most of which were insured in London, and in 1799 the Emperor Paul suddenly seized all British vessels in Russian ports: "And a very trying time it was," interjected Angerstein in giving evidence before the Select Committee of 1810. Owing

¹ Committee of Lloyd's to Pitt, 6 February, 1795; Evidence of George Shedden, in the report of 1810.

to the Emperor's death, the property was subsequently recovered; but in the meantime a total loss had been paid, and it speaks well for the stability of Lloyd's that it was paid without any of the consequences produced by Cordova's captures in the American War. Finally, there came the great Baltic seizures of 1810, when ships were seized, in Swedish ports alone, on which Lloyd's had policies outstanding to a total of nearly a million pounds.

To brokers the times were hardly less trying than to underwriters, especially when they guaranteed the underwriters to their foreign correspondents. Thomas Reid, who was asked by the Select Committee of 1810 whether the broker's remuneration was not excessive, made a memorable reply:

"The labour, the agitation of mind, the perpetual vexation is not to be described; I would rather begin the world again and pursue any other line."

The agitation of mind arising from war risks was no new thing at Lloyd's; but the effect of war losses was very different from what it had been in 1781. There were failures, of course, and the enemies of Lloyd's made the most of them; but the evidence taken in 1810 proves beyond all reasonable doubt that they were neither numerous nor serious in comparison with the immense volume of transactions, and that the credit of the leading underwriters was never seriously shaken. Lloyd's in fact emerged from the war a far bigger and a far richer institution than it was in 1793; with more efficient organisation and infinitely greater influence. It is time to trace both the influence of the war on the development of Lloyd's, and the influence exerted by Lloyd's on the conduct of the war itself.

CHAP. VIII
1793-1815

The credit of
Lloyd's never
seriously shaken.

CHAPTER IX.

LLOYD'S AND THE WAR—

I. TO THE PEACE OF AMIENS.

1793—1802.

ALTHOUGH the Revolutionary and Napoleonic Wars brought grave anxieties and heavy losses to the underwriters at Lloyd's, they brought also much grist to the mill. The impetus to production and commerce given by the industrial revolution was further emphasised by the elimination of effective competition. While Lancashire was turning to good account the inventions of Arkwright and Crompton, the great manufacturing and trading centres of the Continent were trodden underfoot by contending armies, drained of their man-power by a ruthless conscription, and subjected to the military exactions inseparable from the Napoleonic system of war. The losses of British shipping were heavy, but the mercantile fleets of Britain's enemies were swept from the seas. Grass grew in the streets of the busiest French seaports, and excited crowds gathered round any stray vessel that dropped anchor in harbours once crowded with shipping. Holland paid for her vassalage to France by the final extinction of her grip on the carrying trade.

Increase
of trade.

Against the hard facts of the situation even Napoleon strove in vain. No decrees, however severe, and no Customs administration, however vigilant, could keep British manufactures and colonial produce out of markets clamorous for imports. The official value of British exports and re-exports went up from an average of £22,586,000 in the last three years of peace to £40,471,000 for the years 1811-12, 1814; and these figures take no account of the rise in prices due to the war, as the amounts shown in the statistics of official

values were still computed according to rates of valuation fixed in 1694.¹ Much of the Continental trade was, perforce, carried in German, Scandinavian, or American bottoms; but the tonnage of British clearances in the long distance trades substantially increased, and the shipping on the Register of the Empire rose from 1,540,000 tons in 1792 to 2,616,000 tons in 1814.

All this affected Lloyd's in two ways. In the first place, there was a greatly increased volume of trade and shipping to be covered, at high premiums, against risks which no prudent merchant dare leave uninsured. Secondly, there was a greatly increased capital available for its protection. The City was growing rapidly in wealth; large fortunes were to be made by underwriting, and men of high standing and great resources were eager to share in the gains of Lloyd's.

CHAP. IX
1793-1802
The war stimulates the growth of Lloyd's.

The result was seen in the facility with which very large insurances could be effected. Seventy years before, a £10,000 policy was regarded as exceptional; but Angerstein, in 1810, spoke confidently of his ability to place £40,000 on a good ship from Tonningen, £60,000 on a West Indiaman and cargo, and £200,000 on a regular fur ship from Quebec. Another witness at the insurance inquiry of that year spoke to effecting a policy for £250,000 on "ship or ships" from the East Indies. The largest single risk covered during the war was £656,800 on bullion and specie in the *Diana* frigate from Vera Cruz, and the whole of this, except £25,000 taken by one of the Corporations, was placed by Angerstein at Lloyd's.²

Big insurances.

Along with this increase in the number and wealth of the Subscribers went an increasing tendency for big operators to specialise in marine insurance business. The competition of the professional underwriter with "the knowing and wary traders," which had been

Evolution of the professional underwriter.

¹ The returns for 1813 were burnt. The figures for 1811-14 include Irish exports, but these were of small amount.

² *Report from the Select Committee on Marine Insurance*, 1810.

CHAP. IX noticed in 1720, was probably stimulated by the
 1793-1802 disasters of the American war. By the end of the eighteenth century, at any rate, the growth of commerce, the development of insurance law, and the manifold problems of war risks demanded a kind of knowledge and wariness no ordinary trader was likely to possess. It was not enough, said Mr. Joseph Marryat, when defending Lloyd's in Parliament in 1810, for the underwriter to have at his fingers' ends the current rates of premium, the method of making up average claims, and all the other technical details of his business: "He must be informed of the safety or danger of every port and road in every part of the world; of the nature of the navigation to and from every country; and of the proper season for undertaking different voyages; he should be acquainted, not only with the state, but the stations of the naval force of his own country, and of the enemy; he should watch the appearances of any change in the relations of all foreign powers, by which his interests may be affected; and in short, constantly devote much time and attention to the pursuit in which he is engaged."¹

He must, in fact, be a specialist in his job.

There were, no doubt, a great number of Subscribers who had other irons in the fire than marine insurance; but the men who ruled the market, who signed first to the policies covering big risks, and settled, by their example, the current rates of premium, were men who made insurance their first, if not their sole concern. Among these there were many who, like the underwriting agent of to-day, habitually wrote policies in the names of those who were willing to venture their capital without personal participation in the business.²

Leading men
at Lloyd's.

Both among the specialists and the non-specialists, there were remarkable men at Lloyd's. There was Sir Francis Baring, "unquestionably the first merchant in Europe; first in knowledge and talents, and first in character and opulence."³ There was that irrepressible

¹ *Hansard*, Vol. XV, 415.

² The evidence for this gradual emergence of the professional underwriter is gathered from many passages in the minutes, and the Report of the Select Committee of 1810. See also p. 215 *post*.

³ *European Magazine*, September, 1810.

adventurer "Dicky" Thornton, "good for three millions," who sailed, and fought, his own ship to Memel for a cargo of hemp; dazzled the City by the extent and daring of his speculations in tallow and foreign loans; and in later days was wont to stand with his back to the fire in the Subscribers' Room, offering all newly married members to lay a hundred to one against the contingency of twins.

CHAP. IX
1793-1802

Richard Thornton.

Concerning this remarkable operator the following incident is vouched for by unimpeachable authority.

Baring Brothers had a shipment of gold of £250,000 to Russia to be insured, and their broker, intending to spread it over the market, offered the risk first to Richard Thornton. The old man took the slip, very slowly put down the figures 25, and added nought after nought till he had completed the whole sum of £250,000. Looking up and seeing an expression of consternation on the broker's face he observed, "Young man, you can show this slip to Mr. Thomas Baring and if he thinks I have taken too much you can tell him that I will deposit Exchequer Bills to that amount till the risk is run off."

Thornton, who left over four millions, was educated at Christ's Hospital.

A character of a very different stamp was Zachary Macaulay, of whom Sir James Stephen wrote that, in the agitation against slavery, "he meekly endured the trial, the privation and the reproach, resigning to others the praise and the reward;" but who had not yet, at this period, ruined a fine West African business by his unremitting devotion to the cause of the Africans. All these, however, were men who made their reputations chiefly in other spheres. The two men who left the deepest mark on Lloyd's itself were John Julius Angerstein and Brook Watson.

Zachary Macaulay

Angerstein was now at the height of his fame. As a Angerstein.

CHAP. IX broker, he had, at various times, several partners, but
 1793-1802 it was always he himself who gave weight and importance to the firm.¹ As an underwriter, his judgment was so highly esteemed that, "when his name appeared on a policy, it was a sufficient recommendation for the rest to follow where he led without further examination," and policies "sanctioned by his subscription" received the honourable nickname of "Julians."² His great abilities, high character, and long experience, gave him an unrivalled influence in the Rooms; for no one else could speak with such authority on the usages of Lloyd's. It marks his position that when Parliament, in 1810, instituted an inquiry into marine insurance, Angerstein was examined at twice the length of any other witness.

To his business acumen he added personal qualities that made him the friend of Johnson, Garrick, Jonas Hanway the philanthropist, Sir Joshua Reynolds, and Sir Thomas Lawrence. Easy and unaffected in manner, hospitable, and unostentatiously generous, he moved in a wider circle than most business men of his day, and could hold his own, modestly but firmly, in conversation on a wide range of subjects.

Farington on
 Angerstein.

Farington's Diary abounds with references to this remarkable man, which have special interest as being based on personal observation by a trained observer. It is significant that, wherever anything to Angerstein's detriment is recorded, it is gossip; whilst all the particulars given from Farington's personal knowledge are either harmless or creditable. Two wine merchants on separate occasions were gloomy as to Angerstein's financial stability, and one of them darkly intimated that, "at one period" the wealthy connoisseur was "a Bankrupt," and that "the late Mr. Offley," the narra-

¹ The London Directories in the Guildhall Library show the firm as follows: To 1777, J. J. Angerstein; 1779-81, Angerstein & Lewis; 1782-3, Angerstein, Crockatt, and Lewis; 1784, Angerstein, Lewis, & Crockatt; 1785, Angerstein & Lewis; 1786-89, Angerstein, Lewis, & Warren; 1790-91, Angerstein & Warren; 1792-96, Angerstein, Warren, & Lock; 1797-1800, Angerstein & Warren; from 1801, Angerstein & Rivaz.

² *Publick Characters of 1803-4*. No. 22. "Mr. Angerstein."

tor's partner in underwriting, "when He wrote policies to Mr. Angerstein, who acted as a Broker, whenever there was a balance due to Him at a settlement took the money, being unwilling to risk it by allowing it to stand against risks not determined." It is always convenient to attribute a slander to the dead. Another City gentleman informed Farington that, "Mr. Angerstein might have been at the head of popularity in the City, but has chosen to associate chiefly at the West End of the town, so that He is one who the Citizens say, '*comes among them* for what he can get.'" (It is pleasant to note that the idea of attending to business for what one can get was as repugnant then as it is now.) Although thus addicted to West End Society, one is glad to find him interested in the fate of boy chimney sweeps.

The dinner of a wealthy citizen was solid and nutritious:

CHAP. IX
1793-1802

A dinner at Angerstein's.

"Mr. J. J. Angerstein's I dined at. We dined at 6 o'clock.—The dinner consisted of 2 courses, viz: a fine Turbot at the top, a Sirloin of Beef at the bottom & vermicelli Soup in the middle, with small dishes making a figure of 9 dishes.—The remove roast ducks at the top & a very fine roast Poulet at the bottom, macaroni,—tartlets &c. &c. afterwards Parmesan and other cheese & Caviere with toast. —Champagne & Madeira were served round during dinner. . . I observed that Mr. Angerstein drank very little wine *after dinner*,—While the conversation went on He for some time slept,—after He awoke He eat an orange with sugar. He appears to consider His Health, but looks very full & well. His dress was a Blue coat, striped pointed waistcoat—drab cloth breeches,—mixed coloured worsted stockings,—buckles in His shoes, very plain, but respectable."

An odd episode is recorded:

"The Princess of Wales dined at Mr. Angerstein's yesterday, & in the evening there was a rout . . . The Princess supped there with a small party & remained till $\frac{1}{2}$ past 3 o'clock, but Mr. Angerstein went to bed before Supper."

There is a slight suggestion, in the following description of Angerstein's mode of life in 1807, of Dickens's delightful portrait of that admirable member of Lloyd's Mr. Podsnap, whose philosophy of life consisted in getting up at 8, shaving close at quarter past, break-

Daily routine.

CHAP. IX fasting at 9, going to the City at 10, coming home at 1793-1802 half past five.

"He [Angerstein] told me his habit now is to ride every morning before breakfast from $\frac{1}{2}$ past 7 for an Hour and a half to two hours,—Breakfast at 10,—go to London to City business abt. 11 and return a little after 5.—In October He annually goes for 2 months or so, to Mr. Boucheres in Lincolnshire . . . & there He *hunts* almost daily, beginning with 2 or 3 hours, & increasing to 4 or 5 hours : but his Hunting is for air & exercise & not to perform feats."

Angerstein as
a connoisseur.

But Angerstein was no Podsnap. His real life was that of a friend of great men and an accomplished connoisseur. "He was well acquainted with Lord Nelson, and had heard him express a hope that *He should die in battle.*" He was the friend of William Pitt and on the morning of the statesman's death he hurried off a sculptor to take a cast of his face. He bought masterpieces and refused to buy the works of the then P.R.A., Sir Benjamin West. He gave eight thousand guineas for two Claudes, and on seeing an exquisite Rembrandt for which five thousand guineas was asked, he went away saying, "two things are wanting for such purchases, money and room to place them." But he bought it.

He gave Turner £42 for a drawing of Carnarvon Castle: more than the great artist would have asked.¹

How wisely he bought is shown by the fact that the collection at his town house in Pall Mall was acquired for the nation after his death in 1823, and formed the nucleus of the present National Gallery.

Financial
adviser to
William Pitt.

His judgment of paintings, however, is less relevant to his career at Lloyd's than the part he played in national finance. His commercial standing and his personal charm gained him the ear of William Pitt, and in 1793, when the outbreak of war with France threatened to produce a general financial paralysis, it was Angerstein who suggested to Pitt the expedient of "a loan through the medium of exchequer bills," which "had for its object the assisting merchants to realise a

¹ *The Farington Diary*, Ed. Greig, I 270, II 110, 194, III 174, IV 106, 143, 159, 177, 193.

sum of money, which lay dormant in colonial produce, CHAP. IX
to an amount nearly incalculable.”¹ It was he, too, who 1793-1802
later persuaded Pitt to revive the more questionable
expedient of lottery loans.

Still more closely connected with his work for Lloyd's was his success in procuring an Act for preventing the re-naming of ships—a practice which, in the conditions of the time, offered abundant opportunities for fraud. But perhaps the greatest service he rendered to Lloyd's was the example he gave, throughout his long career, of enterprise, judgment, and integrity in the business of an underwriter and broker.

Less eminent than Angerstein in the world of marine insurance, Brook Watson played a hardly less important part in the development of Lloyd's. Born in 1735, and heir to a modest fortune of £300 a year, he served in the commissariat under Monckton and Wolfe in the Seven Years War, and in 1759 set up as a merchant in London ; but the army was loth to lose his services and he acted as Commissary-General in Canada during the American War, and in Flanders during the years 1793-5. In 1798, he was appointed Commissary-General to the Forces in Great Britain. His conduct in these capacities earned him a fine tribute from Lord Liverpool, Secretary for War, as “one of the most honourable men ever known.” Those who are acquainted with the military history of the time will need no more emphatic evidence of his probity.

A Director of the Bank of England, Member for the City from 1784 to 1793, and Lord Mayor in 1796, he was at the height of his reputation and influence when, in or about the last-mentioned year, he became the Chairman of Lloyd's. He had, nevertheless, many enemies, for his zealous support of the war brought him into collision with those whose Whig pacifism was intensified by monetary losses, and his refusal, in

¹ *Publick Characters of 1803-4*, 390.

CHAP. IX April, 1797, to allow discussion of a resolution on "the
 1793-1802 awful and alarming state of public affairs," led to a turbulent scene at the Guildhall.¹ A libel in *City Biography* (1799) described him as the son of a journeyman tailor, and added that "his sister cried hot rolls about Plymouth till very lately." He was a target too, for the shafts of the *Rolliad*, but beyond an ironical tribute to "the remarkable modesty with which he is accustomed to introduce his very pointed and important observations," the worst charge that the authors of that rollicking satire could bring against him, was the wearing of a wooden leg, to replace a limb lost, as a boy, by the bite of a shark:

"One moment's time might I presume to beg?
 Cries modest WATSON, on his wooden leg;
 That leg in which such wondrous art is shown,
 It almost seems to serve him like his own;
 Oh! had the monster who for breakfast ate
 That luckless limb, his nobler noddle met,
 The best of workmen, nor the best of wood,
 Had scarce supply'd him with a head so good."²

Brook Watson
 becomes Chairman
 of Lloyd's.
 1796.

Wherever Brook Watson's enemies were to be found, it was not at Lloyd's. He was a member of the original Committee of 1772, and up to the year of his death in 1807, he remained assiduous in his attendance. His early prominence in the Rooms is shown by the fact that he presided over the important General Meetings of 1781 (on the ransom question) and 1786. He was in the chair at both the General Meetings of 1796, and in January, 1797, a letter signed by him as Chairman of the Committee removes all doubt as to his position. From that date until 1806 he was the active and vigilant Chairman of Lloyd's, and to him, even more than to Angerstein, who had retired from the Committee in 1796, must be given credit for the remarkable developments of those ten critical years.

¹ D.N.B.

² Edn. of 1812, p. 92.



SIR BROOK WATSON, BART. CHAIRMAN OF LLOYD'S 1796-1806

It was under Brook Watson's leadership that the first real attempt was made to organise Lloyd's as a Society; but the impulse to development came, in the first place, less from any general dissatisfaction with the old Coffee House régime than from the pressure of circumstances arising from the war itself. From the very outbreak of the war Lloyd's was in close and continuous touch with the Admiralty. At first the correspondence was almost entirely in the hands of the Masters, who, it must be remembered, were still responsible for the supply of shipping intelligence. Lists of vessels in convoy, or licensed to sail without escort, were paid for by the Committee; but they were sent by the Admiralty to the Masters, who were responsible for their return, after making the necessary copies or extracts. In return, Tayler and his successors sent in regularly to the Secretary of the Admiralty copies of all material intelligence contained in the port letters, or otherwise received at the Coffee House, and Tayler seems to have been in the habit of vouching, on his own responsibility, for the credibility or otherwise of his correspondents.¹

CHAP. IX
1793-1802

Correspondence
with the
Admiralty.

It was another matter, however, when intelligence was sent on which it was desired to move the Admiralty to action. On June 30th, 1794, when grave fears were entertained for the safety of a number of valuable ships bound for Ostend, Angerstein wrote personally to the Admiralty Secretary to request that a ship of war should be stationed off the port, to give warning in the event of its falling into French hands. In the following month the Committee themselves took a hand in the game.

At this period the bulk of the long distance traffic was carried on by convoys, although it was not until 1798

¹ See Secretary's In-Letters, Letters from Lloyd's, R.O. Ad 1/3992, especially Tayler's letters of 16 February, 1793 (enclosing a letter he had suppressed at the Coffee House because "I do not believe a word *he* says") and 4 December, 1794. The earliest letter in this bundle is from Tayler, 8 February, 1793, announcing that, by advices received through Ostend, the Convention have declared war on England and Holland.

CHAP. IX
1793-1802

Underwriters
and convoy.

that an Act was passed rendering convoy compulsory for all vessels in foreign trade (with certain stated exceptions), unless specially licensed by the Admiralty to sail without escort.¹ The convoy system had its critics, even in those days, but the underwriters at any rate had no doubt of its value, as they proved by the allowance of very substantial returns, amounting sometimes to one-third or even one-half of the agreed premium, if the ship sailed with convoy and arrived. This course was preferred by merchants and shipowners to the quotation of differential premiums for ships warranted to sail with convoy, as an involuntary breach of the warranty would, of course, void the whole insurance.²

By an Act passed in the very first year of the war, severe penalties were imposed on Shipmasters disobeying the orders of the escort commander;³ but this Act was by no means easy to enforce. In earlier wars there had been continual complaints of fast-sailing ships breaking convoy in order to forestall the markets,⁴ and these complaints were renewed at a very early period of the Revolutionary struggle.

Lloyd's and the
convoy system.
1794.

On June 11th, 1794, a General Meeting was held, on the requisition of sixteen Subscribers, "to take into consideration the Misconduct of Captains of Merchant Ships under Convoy, as reported by the Lords of the Admiralty." At this meeting a resolution was passed: "That the Committee be requested to take such steps as shall appear to them most effectual for bringing to immediate Justice, any Captains of Merchant Vessels who have been, or may hereafter, be represented to them, as having wilfully Quitted their Convoy, or otherwise mis-conducted themselves while under Convoy."

Copies of this resolution were posted up in the Rooms, and sent to the Custom House and the Coffee Houses round the Royal Exchange, in order that it might be

¹ 38 Geo. III, c. 76. The provisions of the Act were repeated in 1803 by 43 Geo. III, c. 57.

² This reason for the practice of convoy returns is stated in the minutes.

³ 33 Geo. III, c. 66.

⁴ Burchett, *Memoirs of Transactions at Sea*, 1703, "To the Reader."

brought to the notice of Masters and owners. At the same time, the Committee sent up to the Admiralty a Memorial, drawing attention to the immense value of the homeward bound East and West India fleets, and requesting an assurance of adequate naval protection. This Memorial, together with a covering letter, dated July 19th, was signed by those members of the Committee who were in attendance.¹

From this time onward, the Committee were in almost continuous correspondence with the Admiralty on the subject of convoy discipline. Again and again the Admiralty forwarded complaints, by officers commanding escorts, of Masters who had broken convoy or disobeyed orders. These complaints were usually forwarded to the owners for an explanation of the Masters' conduct. When no satisfactory explanation was forthcoming, the Masters were generally admonished, and sometimes dismissed. In a few instances of flagrant misconduct, the Committee themselves took action, and requested the Admiralty to institute, at the expense of Lloyd's, a prosecution under the Convoy Acts.

The complaints, however, were not all on one side. On several occasions shipowners forwarded to the Committee statements by Masters as to lack of attention, or unskilful conduct on the part of escort commanders, and these were always forwarded to the Admiralty for investigation. At other times the Committee had the more pleasing task of conveying to the Admiralty the thanks of merchant captains for the protection afforded them, or passing on to shipowners and Masters the tributes paid by naval officers to vessels whose clever handling and prompt obedience to signals had set a good example to the fleet. Alike for complaint and congratulation, Lloyd's seems to have been regarded by both sides as the natural channel of communication

CHAP. IX
1793-1802

Lloyd's co-operate with the Admiralty in enforcing convoy regulations.

¹ Originals in R.O. Ad 1/3992. The Memorial is signed by Geo. Curling, Wm. Bell, Alex. Champion, Jr., and J. B. Bourdieu, in that order.

CHAP. IX between the Admiralty and the Mercantile Marine.
1793-1802

Occasionally, letters of thanks or complaint from the captains of merchantmen were sent through the Masters of Lloyd's Coffee House, without coming before the Committee.¹

Naval officers
report to Lloyd's.

Much stranger, to present day ideas, than this official correspondence with the Admiralty, was the frequency with which naval officers addressed the Committee direct, reporting the conduct of convoys, or detailing steps taken for the defence of trade. Thus, in October, 1796, Commodore Duckworth, on the West Indies Station, wrote to "The Chairman of the Insurers of Lloyd's," reporting a case of misconduct, because:

"I think it a duty I owe to the Publick when I reflect upon the utility your respectable Society is to the Commerce of the Country and Security of Individuals, to make you acquainted with the Transaction;"

and he went on to report the establishment of a patrol to the South of St. Domingo, where the enemy's privateers had been very active, with the result of heavy losses to the underwriters.

New convoy
regulations
submitted
to Lloyd's.
1798.

Even more remarkable was a letter received in December, 1798, from Vice-Admiral Waldegrave, at Spithead. Having drawn up a new set of Convoy Regulations, based on the experience of the war, he actually forwarded a copy "To the Master of Lloyd's Coffee House," for the information, and apparently for the approval of the Committee.

The main purpose of these regulations was to eliminate delays arising from the presence of ill-found ships in a convoy. It was provided by the Convoy Act that no sailing instructions should be issued to any vessel until her Master had satisfied the escort officer that she possessed the necessary signal flags. Admiral Waldegrave now required that a satisfactory account of the vessel's sails should also be given before instructions were issued. This was very much to the liking of the

¹ E.g. Bennett and White to Nepean, 30 Oct., 1803, in R.O. Ad 1/3992.

Committee, who spent £8 8s. in advertising Admiral Waldegrave's letter, and were only anxious that the regulations should be universally adopted, and extended to anchors and cables, as well as to sails. For this purpose, they strove hard, but unsuccessfully, to obtain the insertion of an amending clause in the Convoy Act itself.¹

CHAP. IX
1793-1802

These intimate relations with the Admiralty, and with naval officers, were rendered the more cordial by the activity of the Subscribers to Lloyd's in promoting funds for the benefit of seamen and their families. At this time, it must be remembered, little or no provision was made by the State for the dependents of sailors and soldiers killed or disabled in the discharge of their duty, or even for the relief of the wounded men themselves. Private charity alone stood between these poor people and destitution; only through private charity could the nation show its gratitude to its defenders. By taking the lead in organising the expression of patriotic sentiment, the Subscribers to Lloyd's won for themselves a high reputation in the country at large, and gained the lasting friendship of the British Navy.

Prominence
of Lloyd's in
War Relief Funds.

At the outset of the war, the work of relief was undertaken by "The United Society for the Relief of Widows and Children of Seamen, Soldiers and Marines and Militiamen," who received subscriptions at the bar of Lloyd's Coffee House and elsewhere; but the funds of this Society were quite unable to cope with the heavy casualty lists by which the great naval victories of the war were purchased. It was then that the Subscribers to Lloyd's came forward to fill the gap.

Lloyd's Coffee House, like other establishments of the kind, had always been made use of for charitable purposes. In January, 1769, the "Humble Petition of

Charities at
Lloyd's Coffee
House.

¹ They proposed also some addition to the clause relating to forfeiture of insurance in the event of misconduct; but the minute is largely illegible, through fire damage.

CHAP. IX a Gentlewoman, with six Children, reduced from
1793-1802 Affluance to the most abject State," names Lloyd's Coffee House in Lombard Street as one of the places where, "The smallest Donation will be thankfully received." In 1772 a subscription for reducing the price of provisions to the poor was opened at the Chapter Coffee House and New Lloyd's Coffee House in Pope's Head Alley.¹

The 'Royal George'
Fund at Lloyd's.
1782.

The first reported subscription opened at New Lloyd's in the Royal Exchange was on a bigger scale for, in 1782, between £6,000 and £7,000 was raised for sufferers by the loss of the *Royal George*.² In 1794 the Subscribers contributed over £2,000 towards relieving the distress caused by a great fire at Ratcliffe, and in 1795, a Committee for the Relief of the Industrious Poor was established at the Coffee House. The moving spirit on this Committee appears to have been Mr. Patrick Colquhoun, and its work is noteworthy for the introduction of the soup kitchen as a method of relief.³

More directly connected with the special interests of underwriters was the generosity to dependents of mercantile officers and sailors, which led the *Times*, in 1800, to describe "the gentlemen of Lloyd's Coffee House" as the "father of every seaman's orphan." But of all their philanthropic activities, the war funds of the Revolutionary period have the most importance in the annals of Lloyd's.

Immediately on news of "The Glorious First of June" being received at the Coffee House, a meeting of Subscribers and frequenters was called together, and "with the liberality which will ever distinguish that respectable body of men, in less than one hour subscribed a

¹ *Public Advertiser*, 13 and 25 January, 1769; 26 March, 1772; C. Welch, *Modern History of the City of London*, 1896, p. 40.

² Tayler received the subscriptions, and Angerstein was on the Committee, which met at the Merchant Seamen's Office in the Royal Exchange.

³ The Committee was succeeded, from year to year, by others, who drew their funds from many sources, but sat regularly at Lloyd's. See *Report of the Committee at Lloyd's Coffee House for the Relief of the Industrious Poor of the Metropolis*, 1800.



The Nelson Plate at Lloyds

thousand guineas.”¹ A Committee was formed; sub- CHAP. IX
scriptions were invited from the public; Sheridan, 1793-1802
Mrs. Siddons, and Mrs. Jordan organised a benefit at
Drury Lane, which cleared £1,300, and, altogether,
over £21,000 was raised. Similar funds were opened
after the battles of St. Vincent, Camperdown, the Nile,
and Copenhagen, and the total amount raised in this
way, from 1794 to 1801, as shown by the table below,
was over £130,000. In each instance the fund was in-
augurated by a substantial contribution from the “gen-
tlemen of Lloyd’s” themselves.²

Year.	Occasion.	Amount raised.	Chairman, &c.	War Funds at Lloyd’s. 1794-1801.
1794	“First of June”	£ 21,282	Angerstein, Ch.; W. Oddy, Mer- chant Seamen’s office, Secretary.	
1797	St. Vincent	2,615	Angerstein, Ch.; Oddy, Secre- tary; Fund wound up 1803.	
1797	Camperdown	52,609	Calverley Bewicke, Ch.; Wound up 1804.	
1798	Nile	38,436	Angerstein, Ch.; Thomas White, Secretary. Wound up 1806.	
1801	Copenhagen	15,588	Angerstein, Ch.; White, Secre- tary. Wound up 1806.	
1801	Saumerez’ action at Algeciras	668	White, Secretary. Wound up 1804.	
1801	Nelson’s attack on Boulogne.	640	Angerstein, Ch.; Wound up 1809.	

These subscriptions were all unofficial, in the sense
that no grant in aid was made from the corporate funds
of the Society, and the House Committee as such took
no part in their management. Indeed, during the first

These funds
unofficial.

¹ *Times*, 12 June, 1794.

² The figures in the table are those given by Schomberg in his *Naval Chronology*, Vol. III, p. 620. Other particulars have been collected by Colonel St. Quintin, Secretary of Lloyd’s Patriotic Fund, from contemporary newspapers, and from leaflets bound up with Steel’s *Navy List*. Lloyd’s also co-operated, by opening subscriptions, etc., in several other funds which were not started on their initiative, viz.: the Funds for giving bounties to men joining the Navy (1794), for the families of those killed or dead of disease in the West Indies (1795), for encouraging the capture of French privateers (1796-7), for suppression of the mutiny at the Nore (1797), for the families of the forces in Holland (1799), and in Egypt (1801). For particulars of these funds see Schomberg, *loc. cit.*

CHAP. IX twenty-five years of its existence, Lloyd's possessed no
 1793-1802 public fund large enough to permit substantial grants for charitable purposes. The first such grant of which we have any record was very small, and had a somewhat surprising object. In June, 1785, a draft was made out to Tayler in repayment, among other sums, of three guineas, "paid Mr. John Wilson by the order of Mr. Readshaw for Distressed Haymakers." Why Mr. Readshaw (a member of the Committee) considered distressed haymakers as specially entitled to the charity of Lloyd's is a mystery.

Lloyd's and
 distressed
 haymakers.
 1785.

First corporate
 grant to war
 funds.
 1798.

By 1798 Lloyd's, as a society, was able to vote £1,000 from its funds to the Voluntary Subscription for National Defence, but that was its sole official contribution to the war funds raised prior to the peace of Amiens. Nevertheless the "First of June," Nile, Copenhagen, and other subscriptions were rightly identified with Lloyd's in the public mind. It was the Subscribers to Lloyd's who took the initiative in raising them, and the ablest and busiest men in the Rooms—men like Angerstein and the great underwriter Thomson Bonar—gave freely of their time and energies to the committees who undertook the arduous task of managing the funds, and tracing those eligible for annuities or donations. The Committee meetings themselves were often held at Lloyd's, and Thomas White, then Second Master, acted as Secretary to several of the funds. Lloyd's, in fact, had come to occupy much the same position that the Mansion House does to-day, and subscriptions started at the "Coffee House" were supported by the Corporation of London, the Bank of England, the City Companies, and banks, insurance offices, mercantile firms, and private individuals all over the country.

The administration of the funds naturally brought the managing Committees into intimate correspondence with the officers commanding ships and fleets,

from whom lists of killed and wounded were obtained, and Nelson's letters to Angerstein afford the most convincing proof how highly their work was valued in the Navy. From aboard the *St. George*, in Kioge Bay, he wrote on June 15th, 1801, with reference to the Copenhagen fund: CHAP. IX
1793-1802

"I feel—and I am certain every Officer and man in the Fleet does the same—much indebted to the Gentlemen of the Committee for the attention they pay, and trouble they experience, on this occasion. I hope in a few days to have it in my power to pay my respects personally to them."

Nelson's gratitude
to Lloyd's.

"We are all obliged," he wrote on another occasion, "by your humane attention to us Seamen." This identification of himself with the humblest recipient of the Subscribers' bounty is exquisitely characteristic.¹

There is no record, unfortunately, of any visit actually paid by Nelson to Lloyd's; but on November 15th, 1800, he "was upon the Royal Exchange some time,"² and it was probably then that he received, from the hands of the Nile and Copenhagen Committees, two valuable services of plate, portions of which have now come into the possession of the Corporation. It is clear, at any rate, that he retained a feeling of good will not only to the members of the Committees, but to the underwriters as a whole, of whose interests he was mindful through all the stress of his Channel command. In reporting, on September 21st, 1801, the stranding of the brig *Unity* with strong appearance of gross negligence or fraud, he added, "I therefore suggest to their Lordships whether the circumstance should not be made known to Lloyd's Coffee House."³

Presentations
to Nelson.

Presentations of plate, or swords of honour, to officers who had distinguished themselves in action, or in the defence of trade, were frequent at this period. It is pleasant to add that the underwriters at Lloyd's were not unmindful of their debt to merchant cap-

Presentations
to naval and
mercantile
officers.

¹ Nicholas, *The Despatches and Letters of Vice-Admiral Lord Nelson*, IV, 415; V 2.

² *Times*, 17 November, 1800.

³ Nicholas, IV, 493.

CHAP. IX tains who successfully defended their ships against an
 1793-1802 enemy raider. The Corporation has recently acquired a silver tea service presented to Captain Robert Hall, of the Liverpool ship "*Fame*," who beat off a twenty-four gun French corvette in 1804, when on passage from Africa to Demerara. It marks the time that the "cargo" in this case almost certainly consisted of slaves.

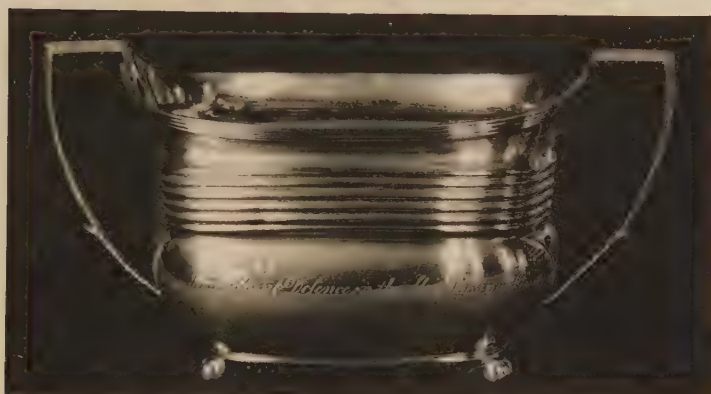
Growth of
 corporate spirit
 at Lloyd's.
 1793-1802.

There can be little doubt that the effect of these subscriptions, and of the widespread public interest taken in them, contributed to the growth of a corporate spirit at the Coffee House itself. Even more important in this respect was the direct correspondence between the Committee and the Admiralty, on questions of convoy and naval protection. From being primarily concerned with matters of accommodation and finance the Committee were led insensibly to assume wider and wider responsibilities in relation to the common interests of the underwriters and brokers. In 1796, for instance, they promoted a petition for signature by the Subscribers, in favour of the Bill for Wet Docks and the Improvement of Thames Navigation. The Subscribers themselves became more sensible of their corporate interests, and readier to require attention by the Committee to questions affecting them.

More frequent
 Committee
 meetings.

These wider responsibilities necessitated more frequent Committee meetings. It has already been mentioned that, from 1780 to 1793, inclusive, only eighteen such meetings are recorded in the Minute Book. In 1795 there were fifteen, and although the number fluctuated considerably in later years, the average rose, from 1800 onwards, to a dozen or twenty a year. Moreover, it is clear, from the correspondence entered in the Minute Book, that informal meetings were frequently held to deal with current routine business.

The time was now ripe for a clearer definition of the



The "Fame" Tea Service at Lloyds

Committee's powers and responsibilities, and the first step towards a more formal organisation of Lloyd's as a society, was taken at a General Meeting held on August 17th, 1796, with Brook Watson in the chair. Characteristically enough, it appears to have been an afterthought, the main purpose of the Meeting being the appointment of new Masters. Tayler, it will be remembered, had tendered his resignation in 1795; but he had ultimately continued his tenure of the office in equal partnership with his senior waiter, John Bennett. In June, 1796, he died, and the meeting of August 17th was called for the purpose of making fresh arrangements for the conduct of the House.

Death of
Thos. Tayler.
1796.

This part of the business was settled by continuing Bennett in office, and appointing the next two senior waiters, Edward Trebilcock and Thomas White, as junior Masters, each to receive a quarter of the profits, while Bennett retained his undivided half.¹ The object of appointing three Masters appears to have been to enable one of them to attend regularly, for the purpose of answering enquiries, at each of the two Bars—one in the Coffee Room and one in the Subscribers' Rooms—leaving the third free for general supervision. On Trebilcock's death, however, which occurred in 1799, Bennett and White were permitted to divide his share, on paying £150 (? per annum) to his estate, and no third Master was again appointed until 1811.

Appointment of
three Masters.
1796.

This matter having been comfortably disposed of, and the new Masters lectured on the performance of their duties, the Subscribers present had leisure to think of more important matters, and resolutions were passed that two ordinary General Meetings should be held every year, at Midsummer and Christmas, respectively, and that the Committee should be required to present an annual report and statement of accounts.

Regular General
Meetings instituted.
1796.

¹ The appointment took effect from Christmas, 1796. See letter from Bennett, Trebilcock, and White to the Admiralty, of 30 December, 1796, announcing their appointment, and requesting a continued exchange of intelligence. R.O. Ad 1/3992.

CHAP. IX It is a striking instance of the laxity with which affairs
 1793-1802 had hitherto been conducted, that it was twenty-two
 years after the opening of New Lloyd's at the Royal
 Exchange before this elementary measure of financial
 control was adopted. The demand for regular General
 Meetings and an annual report has still greater signi-
 ficance. Hitherto the corporate activities of Lloyd's
 had been so trifling and intermittent that no annual
 report had been called for because, normally, the
 Committee would have nothing to report. In these re-
 solutions appears, for the first time, the conception of
 Lloyd's as a great public institution, exercising a con-
 tinuous watch over the interests of its members.
 "Lloyd's Coffee House" was giving place to "Lloyd's."

Overcrowding of
 Subscribers' Rooms
 leads to reforms.
 1800.

Four years later, another big stride forward was
 taken, by instituting, for the first time, a qualification
 test for would-be Subscribers. It is again characteris-
 tic that this reform, essential as it was to any real pro-
 gress, was adopted primarily to give relief from a
 practical, every-day inconvenience. The nuisance of
 overcrowding had again become intolerable, and the
 Committee were endeavouring to procure additional
 accommodation; but they had now become convinced
 that no extension of premises would give permanent
 relief, so long as the Masters were obliged to admit as
 a Subscriber anyone—stockbroker, lawyer, tradesman,
 or clerk—who fancied a flutter in marine insurance, or
 desired access to the confidential intelligence, and was
 prepared to pay £15 for the privilege. It was an aggra-
 vation of the evil that any Subscriber was tacitly per-
 mitted, without further payment, to employ an un-
 limited number of substitutes and clerks to do his busi-
 ness in the Rooms.

Having diagnosed the evil, the Committee proceeded
 to find a remedy. Their recommendations were em-
 bodied in a printed report, circulated to all Subscribers,
 and on the basis of this report, a General Meeting of

April 2nd, 1800, with Brook Watson in the chair, passed resolutions that mark an epoch in the history of Lloyd's. CHAP. IX
1793-1802

By these resolutions it was provided that only "Merchants, Bankers, Underwriters, and Insurance Brokers" should, in future, be admitted as Subscribers. This relegation of underwriters to third place on the list requires a word of explanation. Qualification
of Subscribers
defined.
1800.

Lloyd's in 1800 was, as it is to-day, an underwriting institution. The various appeals to non-subscribers, issued between 1774 and 1800, prove beyond all doubt the Committee's intention that the Subscribers' Rooms should be used solely for the purpose of marine insurance. The people circularised were "underwriters and brokers," "persons showing policies," "every person writing in his own name or causing others to write for him." It was a definite subject of complaint by the Committee, in 1800, that some Subscribers used the Rooms for the transaction of non-insurance business. It was as "persons writing in their own names or causing others to write for them" that the "merchants" and "bankers" were admitted, and the distinctive classification of "underwriters" is clearly intended to apply only to those who made the writing of policies, on their own account or as agents for others, their sole business. Lloyd's an
underwriting
institution.

As a further check on the admission of undesirables, it was provided that every candidate must be recommended in writing by six Subscribers at least, and this was interpreted, in practice, as implying formal election by the Committee. Every subscription was to be regarded as strictly personal; partners in a firm must nominate one partner as Subscriber. No Substitute was henceforth to be admitted without payment of a separate entrance fee of £15. Ivory name-tickets—white for Subscribers and red for Substitutes—were to be shown at the doors. A list of Subscribers was to be printed annually. Election of
Subscribers.

CHAP. IX Other resolutions related to the interior arrangement
 1793-1802 of the rooms and the regular posting of the Arrival and Loss Books. They are of interest as showing the growing desire for more efficient organisation and management.

Membership
 doubled in a
 single year.
 1800.

The effect of these reforms was immediate and remarkable. It was not the first time that resolutions had been passed for the exclusion of non-subscribers from the underwriting rooms; but the provision of name-tickets gave the Committee, for the first time, the means of making their intentions effective. Gentlemen who had hitherto evaded payment fell over each other in their haste to pay their subscriptions into the Masters' hands, and by July 30th, 1801, Brook Watson was able to report that 815 new subscriptions had been received. It appears from the first printed List of Subscribers that about 170 of these were in respect of Substitutes; the remainder were from new Subscribers, and they probably doubled the active membership of Lloyd's. Thereafter, the accessions averaged, down to the end of the war, from 150 to 200 a year. The results of this growth in membership and corporate wealth can be traced very distinctly in the increasing activities and influence of Lloyd's during the later years of the war.

CHAPTER X.

LLOYD'S AND THE WAR—

THE SECOND PHASE.

1803-1814.

THE Subscribers to Lloyd's were a much larger, a much more closely knit, and collectively a much wealthier body, when the short-lived Peace of Amiens gave place to a renewal and intensification of the struggle between Great Britain and Napoleon, than they were in 1793. Their influence on the conduct of the war was correspondingly greater, but cannot be fully understood without tracing a little further the development of Lloyd's itself.

Even in mere size the progress of the Society was remarkable. A large room, hitherto occupied by the Commissioners of Stamps, had been acquired, and opened as a new Subscribers' Room in November, 1802, and the premises now ran the whole length of the North front of the Royal Exchange, occupying nearly four times the original floor space. The old Subscribers' Room was turned into an additional Coffee Room, the Coffee Room of 1774 being devoted chiefly to ship sales and the display of shipping advertisements. The extensions of 1786, 1791, and 1802 provided three Subscribers' Rooms, communicating with each other, and all devoted strictly to business purposes. From the first of these a Lobby had been cut off, communicating with the Coffee Room, and appropriated to the use of non-subscribers having business with Subscribers. Between this Lobby and the first Subscription Room was the Bar, where the Senior Master attended to answer enquiries and distribute information.¹

More rooms
and larger.
1774-1802.

¹ Sale Room	...	...	Opened	1774	55' 2"	×	15' 6"	×	17' 6"	=ca	855 sq. ft.
Coffee Room	...	...	"	1774	48' 8"	×	20' 0"	×	20' 3"	=ca	973 "
Lobby	...	...	"	1786	20' 0"	×	19' 5"	×	18' 8"	=ca	1,450 "
First Subscribers' Room	...	...	"	1791	85' 2"	×	21' 0"	×	19' 1"	=ca	1,788 "
Second	...	...	"	1802	61' 9"	×	20' 0"	×	18' 7"	=ca	1,235 "
Inner	...	...	"								

Total area, exclusive of Kitchen and Committee Rooms=ca 6,301 sq. ft.

CHAP. X The Rooms were still uncomfortably crowded. Giving evidence before the Insurance Committee of 1810, 1803-1814 John Bennett, Jr., stated that there were between 1,400 and 1,500 Subscribers then living, of whom probably two-thirds were regular or occasional underwriters, and that about 1,300 persons in all paid an annual subscription to the Masters, as frequenters of the Coffee House. Although the boxes had been enlarged to seat six, instead of four as at first,¹ it was quite impossible to find fixed seats for all those who did business in the Rooms.

"Between four and five hundred take their seats every day, and there are many who have not their fixed seats, but walk about and take seats as may be convenient."

In fact, many persons were obliged to write policies while standing about in the Rooms.

Underwriting
specialists.

From Angerstein's evidence it appears that, while the underwriter was already expert at "mixing" his risks, "so that if there is a storm at one place, he is safe at another," certain boxes were tacitly appropriated to those with special interests and experience in particular trades:

"If I have a cross risk to make, if it is from America, I go to a box where there are Americans to give me information; if I have a cross risk from Turkey, I go to another box where I can get information; and so it is from the Baltic or any other part. I generally go to the box or the people whom I think best conversant, for they are the people who can begin the policy for me better than others, and I can by that means get it done."

Insurances
on slaves.

One special class of risks will appear strange to present-day underwriters, and was already frowned upon by the legislature. Slaves, like any other commodity, were the subject matter of insurance, and this had given rise to some remarkable decisions of the jurists, such as that quoted by Weskett, to the effect that if a slave "destroys himself through despair, which often happens," it must be regarded as a natural death; and to such curious provisions as the marginal clause in a

¹ This appears from Angerstein's evidence.

policy of 1794, here reproduced: "Free from particular average by insurrection under 5 per cent." So early as 1788 the growing influence of the Anti-Slavery Party was reflected in an Act rendering void all insurances on slaves, against any risk other than, "the Perils of the Sea, Piracy, Insurrection, or Capture by the King's Enemies, Barratry of the Master and Crew and Destruction by Fire." An Act of 1799 was more explicit, and a heavier blow to the traffic, for it provided that: "No Loss or Damage shall hereafter be recoverable on Account of the Mortality of Slaves by natural Death, or ill Treatment, or against Loss by throwing overboard of Slaves on any Account whatsoever," or restraints and detainments of princes and people of Africa, caused "through any Aggression for the Purpose of procuring Slaves." Finally, the Acts of 1806 and 1811, abolishing the slave trade, definitely prohibited, under heavy penalties, the insurance of slaves or slave ships, although some of the underwriters contended, in opposition to the views of the African Institution, that this did not cover insurances on slavers under a foreign flag.¹

CHAP. X
1803-1814

Jettison of
slaves not
recoverable.

Non-marine risks were confined mainly to the wager policies which no legislation had been able entirely to eradicate, and Lloyd's still possesses a policy, effected in 1813, on the life and liberty of Napoleon; but cover against fire was at least occasionally provided. Relton, the historian of fire insurance, believed that insurance against fires in the West Indies had been done at Lloyd's Coffee House from a very early date,² and there is definite evidence of one large transaction in fire business at home, for when the Albion Mills were burnt down in 1791, they were covered at Lloyd's to the amount of £20,000.³

Policy on life
and liberty of
Napoleon.
1813.

A fire risk
at Lloyd's
in 1791.

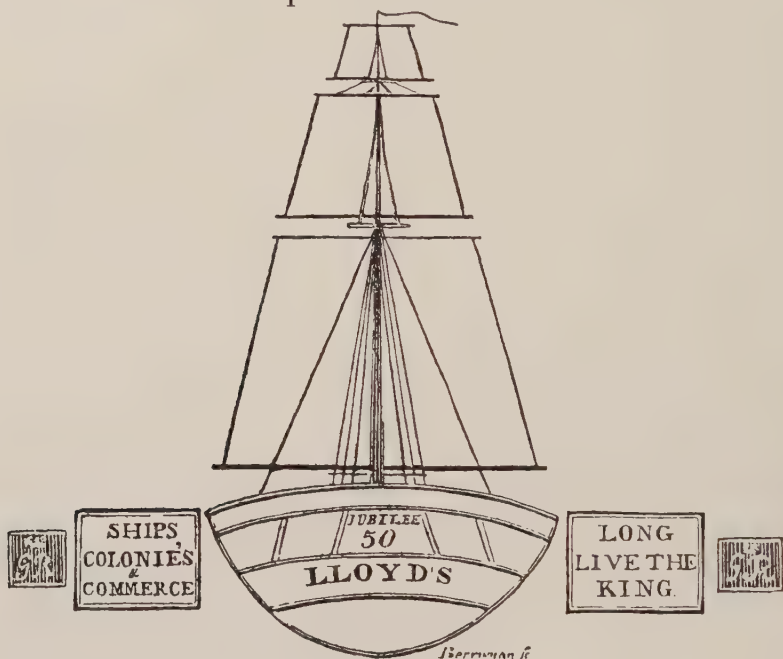
Overcrowded, stuffy, and dingy as the Rooms would seem to-day, they were the home of an institution that

¹ Weskett, *Digest*, 525, citing *Valin's Commentaries*, 55; Statutes 28 Geo. III, c. 54; 39 Geo. III, c. 80; 46 Geo. III, c. 52; 51 Geo. III, c. 23.

² *Account of the Fire Insurance Companies*, pp. 183-4.

³ Ackermann, *Microcosm of London*, reprint of 1904, II, 37.

CHAP. X filled, every year, a more prominent place in the public estimation. It was not for nothing that the fiery outline of the good ship "Lloyd's," which faced Bartholomew Lane on the Jubilee night of George III, was the one illumination that stimulated the *Times* to the unaccustomed enterprise of illustration.¹



ILLUMINATION AT LLOYD'S, 1809.

This increasing public repute was due, in the main, to two factors—the growth of the intelligence system, and the splendid lead given by the Subscribers to patriotic liberality. The former of these developments was closely connected with a new step forward in the organisation of the Society.

A defect in organisation.

The reforms of August, 1800, important as they were, had left one great defect unremedied; there was still no proper provision for the secretarial work of the establishment. The collection and distribution of intelligence remained in the hands of the Masters, and the

¹ *Times*, 26 October, 1809.

routine correspondence with the Admiralty continued to be signed by Messrs. Bennett and White, as Masters of Lloyd's Coffee House. Communications of special importance, more especially when it was a matter of requesting, or suggesting, official action, were generally signed by all members of the Committee who happened to be in attendance, and, from 1794 onwards, even letters conveying intelligence were frequently sent in the name or by order of the Committee.

CHAP. X
1803-1814

In practice these arrangements worked well enough for a time; but it was hardly in keeping with the status Lloyd's had acquired as a great public institution that it should have no regular secretary other than the Master of a Coffee House, and as the official business of the establishment grew in volume, it must have been increasingly difficult for the Masters, with the affairs of the coffee-house on their hands, to give it punctual and adequate attention.

So early as August, 1796, a suggestion had been made, apparently by Angerstein, that a Secretary should be appointed, and should have the management of all correspondence.¹ Indeed, the Committee actually resolved that:

Appointment
of Secretary
suggested.
1796.

"The nature and extent of the Business of the Subscribers of Lloyd's, requires that there should be a Secretary to the Committee separate from, and independent of the Mastership of the House, to whom through the Master, all articles of Intelligence shall be conveyed, and under whose Authority subject to the comptrol of the Committee all information should be regulated for Publication."

The appointment was also to be recommended to the Subscribers on the ground that it would be of great advantage in dealing with Government Departments.

After this, it is surprising to find that the minutes of the General Meeting on August 17th, 1796, contain no reference to the proposal. It may be that the Subscribers jibbed at the expense. It may have been re-

¹ The minute is partially illegible through fire damage. It runs: ". . . tein as to the propriety of having a Secr . . . to the Committee" &c.

CHAP. X regarded as an unmerited slight on the Masters, or introducing an awkward system of dual control. There is not a word to suggest that it was even discussed.

Earl Camden
declines to
correspond with
Lloyd's "waiters."
1804.

So matters went on until 1804, when Earl Camden, Secretary of State for the War Department and Colonies, declined, in the best official manner, and with some slight perversion of the facts, "to enter into epistolary intercourse with the waiters of Lloyd's Coffee House."¹ The expression seems to have rankled, for the minutes are silent on the episode; but on August 14th there is a curt note in the Committee Minutes:

John Bennett as
first Secretary
of Lloyd's.
1804.

"Order'd that all Letters &c on the Business of the Committee, be signed by John Bennett Junr. as Secretary."

No salary was attached to the post, and the appointment was apparently intended as a mere matter of form; but the Committee builded better than they knew, for John Bennett, Junr., was to leave a very definite mark on the development of Lloyd's.

A son of the senior Master, he was at this time about twenty-six years of age. An active, intelligent young man, with a head for figures, he assisted his father by keeping the accounts of the establishment,² and his subsequent career shows that he had conceived an almost romantic devotion to the great institution under whose shadow he had grown up. He was too zealous, and too ambitious, to remain content with merely clerical duties, and from the date of his appointment he set himself, with untiring energy, to re-model and extend the system of shipping intelligence.

This, in 1804, had two divisions. In the first place there were the port letters received by the Masters under the old arrangement with the Post Office. These were now received gratuitously. In 1788, Tayler had complained that, owing to the earlier delivery of let-

¹ Martin, pp. 278-9. The original letter has disappeared and there is now no copy in the departmental correspondence at the Record Office.

² See his evidence before the Select Committee of 1810.

ters, the special privileges enjoyed by Lloyd's Coffee House were no longer worth £200 a year, and the Commissioners on Fees and Gratuities of Public Offices recommended a reduction of the payment to £100, to go into the General Fund of the Post Office; but the Post Masters General considered it to be "unbecoming the dignity of a Post Office to accept such a payment from the Master of a Coffee-house for no reason," and in 1791 the payment was wholly abolished, on the ground that the facilities were for the public interest.¹

CHAP. X
1803-1814

Payment to
Post Office
abolished.
1791.

In addition to the port letters, and advices sent in by occasional correspondents, the Masters now procured a certain amount of supplementary intelligence at the cost of the Committee. This included the Convoy and License Lists from the Admiralty; certain returns sent in by the East India House clerks (did Charles Lamb receive his share of the annual gratuity?), a special "Poole letter," and shipping lists from one or two important ports abroad, such as Elsinore (the Sound List), Ostend, and Gibraltar. The total cost was about £100 a year. The shipping lists, like the port letters, were franked by the Post Office.

Arrangements
for shipping
intelligence.

The supervision of the whole was still in the hands of the Masters, but as Bennett Senior was usually tied by his duties to the Bar of the Subscribers' Room, the copying and posting of the intelligence gradually devolved on White, the Junior Master, and on the newly appointed Secretary to the Committee. Young Bennett, in particular, took exclusive charge of the Loss and Convoy Books; but the punctual discharge of his routine duties was the least of his activities. Valuable as were the existing sources of intelligence, they were not sufficient for the requirements of Lloyd's at a time when prompt and accurate shipping news became

¹ *Tenth Report of the Commissioners on Fees*: H.C. Reports, 1806, VII, 789, 799; *Seventh Report from the Select Committee on Finance*, H.C. Reports, First Series, XII, 197; *8th Rep., Comms. of P.O. Enquiry*, 1837, Appx. 8.

CHAP. X more important every year, and the new Secretary set
 1803-1814 himself to open up new channels, by entering into a private and confidential correspondence with persons at home and abroad, who were likely to supply valuable information. It may have helped him that his family had naval connections—he had a half brother, or brother-in-law, Captain Lewis Shepheard, R.N.¹ At any rate, one of his most valuable correspondents was the Secretary to Admiral Saumarez, then commanding in the Baltic, and the arrangement met with the full approval of the Admiral.

John Bennett develops the intelligence system.

Information received was collated, digested, and prepared for publication or posting by Bennett himself, in consultation with members of the Committee. It was paid for, when payment was required, from the public fund, and the result of Bennett's initiative was soon seen in a very wide development of the intelligence at Lloyd's. New correspondents were appointed at such places as Barbadoes and the Cape, as well as at various European ports; shipping lists and newspapers were regularly received from India, the West Indies, and the United States, and the Committee's total expenditure under this head went up to over £500 a year. Trifling as this sum may seem to-day, it procured for Lloyd's a volume of intelligence which, in extent, variety, accuracy, and freshness, no other commercial or official institution could equal.²

Lloyd's an agency for ship news to the public.

This intelligence was shared, so far as possible, with the public. The Books and Notice Boards in the Subscribers' Rooms naturally contained much confidential information; but the port letters, and all other intelligence that could properly be broadcast were regularly posted in the public Coffee Room, and a strong

¹ See his letter of 29 October, 1804, asking two days' leave for "my Brother Capt. Shepheard" (of H.M.S. *Thisbe*), R.O. Ad 1/3992. Marshall's *Naval Biography* shows that Shepheard was promoted Commander in 1802 and attained post rank in 1810.

² The fact that these developments were mainly due to Bennett's own initiative is conclusively proved by the Reports of two Committees of investigation appointed in 1811 (See Chapter XII *post*).

point was made of this by the defenders of Lloyd's, when its interests were attacked in 1810. CHAP. X
1803-1814

"By a standing regulation of the house, access is given to their books in the non-subscribers' room, to every individual whose interest, or whose anxiety for his absent friends, may bring him there. The editors of the public papers constantly resort there also, and all the information the public receive respecting shipping concerns comes from Lloyd's."¹

This liberality naturally increased the popularity of the Society, especially in time of war; but it was the establishment of the Patriotic Fund, in 1803, which did more than anything else to make the name of Lloyd's a household word throughout the country and the Empire.

The great influx of new members which had followed the reforms of 1800 had given Lloyd's, for the first time, the command of a substantial corporate fund—by 1803 it amounted to £43,000 Consols—and it was now possible for the Society to undertake what had previously been left to the initiative of the Subscribers as individuals. Already Lloyd's had earned the gratitude of all seafarers, by the part they played in the development of the lifeboat. Greathead, whose first boat was launched in 1789, had previously attracted the attention of the underwriters when, as a ship's carpenter, he assisted in detecting a peculiarly impudent case of fraudulent stranding, and in his work on the lifeboat he received assistance from Angerstein's partner, Mr. Peter Warren, and other Subscribers. This is not the place to go into the controversy—still unsettled—as to how far he was responsible for the design of the boats he built. Lloyd's, at any rate, gave him the full credit, and an application to Parliament for financial assistance having failed, a General Meeting on May 20th, 1802, voted him a reward of one hundred guineas, and on Angerstein's initiative, authorised the Committee to ear-

Lloyd's help
to establish
the lifeboat.
1802.

¹ Hansard, XV, 416. See also Bennett's evidence before the Select Committee. The notices posted at Lloyd's were frequently reproduced in the press, and *Bell's Weekly Messenger* made a practice of reprinting the "Marine List" *verbatim*. (See issue of 9 April, 1815).

CHAP. X mark £2,000 from the corporate funds of Lloyd's for the
1803-1814 construction of lifeboats on the British and Irish coasts.

Grants made
to lifeboats.
1811-25.

Applications for assistance from this fund were carefully scrutinised, and the usual response was a grant of £50 towards the first cost of the boat, on condition that the remainder, together with the cost of manning and upkeep, should be defrayed by local subscription. By 1825, lifeboats had been established, with the assistance of Lloyd's, at twenty-six different stations, and twenty of these boats were starred in the list, as having been recently inspected by Lloyd's Agents and found in good and efficient condition. In at least two instances, and possibly in more, grants had been made for new boats to replace those lost or worn out in service. The complete list is as follows :

*Montrose, *Arbroath, *St. Andrews, Blyth, *Hartlepool, *Redcar, *Whitby, *Scarboro', *Filey, *Bridlington, *Humber, *Mundesley, *Lowestoft, *Hollisley Bay, *Harwich, Rye, *Eastbourne, Brighton (removed from Newhaven), Christchurch, Exmouth, Penzance, *Fishguard, *Holyhead, *Douglas, I.O.M., *Ayr, *Kinsale.

After the establishment of the National Institution for the Preservation of Life from Shipwreck (now the National Lifeboat Institution) in 1824, Lloyd's seems to have confined itself mainly to small grants from the balance of the £2,000, for the repair of boats already established, and occasional new votes to the Institution. Down to that date the provision of lifeboats was largely dependent on the assistance of Lloyd's, and many a shipwrecked mariner had occasion to bless the careful administration of the Lifeboat Fund.

Big grant
to London
Hospital.
1807.

Five years later, Lloyd's established a further claim on the gratitude of seafarers, by voting £5,000 to the London Hospital, in order to ensure provision for the care of seamen employed in the commerce of London, and a book for individual subscriptions was also opened. The claims of war victims, however, called forth the most generous response.

Down to the Peace of Amiens, all war funds had been

raised unofficially, in respect of particular engagements or campaigns; but in June, 1803, the month after the renewed outbreak of war, the House Committee received a requisition, signed by thirty-three Subscribers, for a special General Meeting to consider the propriety of inaugurating a Patriotic Fund, to grant bounties or annuities to wounded men and the dependents of those killed in action, and to present rewards for special valour or skill to members of both services, on all occasions that might arise during the course of the war.

CHAP. X
1803-1814

This meeting was held on July 20th, 1803, with Brook Watson in the Chair. The resolutions then passed, and duly recorded in the minute book, may cause a smile to-day by their phraseology—at once sentimental and pompous—but they were the prelude to prompt and effective action. A preamble set forth the objects of the fund. It was to be:

Patriotic Fund
inaugurated.
1803.

“For the Encouragement and Relief of those who may be engaged in the Defence of the Country and who may suffer in the Common Cause, and of those who may signalize themselves during the present most important contest . . . so that the Mite of the Labourer combining with the Munificent Donation of the Noble and Wealthy shall be the best pledge of our Unanimity—shall inspire our Seamen, our Soldiers, our Countrymen at large with a well-grounded Confidence in the Liberality and Gratitude of the Community, and shall impress on the minds of our Enemies the appalling conviction THAT THE ENERGIES OF THIS GREAT EMPIRE ARE IRRESISTIBLE, AS ITS RESOURCES ARE INCALCULABLE.”

For these laudable purposes, the meeting resolved to raise by public subscription a fund:

“To animate the efforts of our Defenders by Sea and Land . . . for the purpose of assuaging the anguish of their Wounds, or palliating in some degree the more weighty misfortune of the loss of Limbs—of alleviating the Distresses of the Widow and Orphan—of soothing the brow of Sorrow for the fall of their dearest Relatives, the props of unhappy Indigence or helpless Age—and of granting Pecuniary Rewards or honourable Badges of Distinction, for successful exertions of Valor or Merit.”

Although the style of the resolutions anticipates that of Micawber, the gentlemen of Lloyd’s meant what they

CHAP. X said, and by a second resolution they transferred to the
 1803-1814 new fund, from the corporate funds of the Society, the sum of £20,000 three per cent. Consols. At the same time it was ordered that a subscription book should be opened at the Bar, and within a fortnight the "Committee of Treasury" of Lloyd's were able to pay over to the Patriotic Fund Committee the sum of £70,312. 7s., being the amount collected at Lloyd's Coffee House, less twenty guineas voted to John Bennett, Junior "for his extraordinary trouble, and regularity in this Business."

Wide support
to the Fund.

The lead given by Lloyd's was splendidly followed. Subscriptions poured in from noblemen, bishops, judges, statesmen, admirals, professional men, merchants, bankers, labourers, domestic servants, and schoolboys. The Bank of England and the East India Company each gave £5,000; the City of London, £2,500; the Companies of the Fishmongers, Goldsmiths, Grocers, Merchant Taylors, and Skinners £1,000 each; the two marine insurance Corporations and the Sun Fire Office, each £2,000. A long list of merchants and mercantile firms sent in contributions ranging from £100 to £1,000. Even more remarkable were some of the humbler offerings. "Three watermen of Shadwell Dock Stairs" forwarded £5—probably a full week's earnings. An anonymous half-pay lieutenant, on behalf of himself, his wife and twelve children, all under age, sent fourteen guineas—more than half a year's income. James Morris, market gardener of Brentford, sent separate donations from himself, his wife, his sons and daughters, his two servants, his four labouring men, and his seventeen "gathering girls." Many theatres handed over the entire receipts of a night's performance; the officers and men of many of H.M. ships and regiments subscribed from a minimum of one day's pay to a maximum of a full month's pay received from H.M.S. *Pickle*. The fund, in short,



The Trafalgar Vase at Lloyd's

was exactly what its promoters desired—it represented the gratitude of all classes of the community to the men who were fighting their battles.

From the day that a provisional Committee was formed, the Patriotic Fund became a national undertaking, and Lloyd's, as such, had nothing to do with its management. But it was started by Lloyd's; Lloyd's was strongly represented on the Committee, and the "Committee of Treasury," who were really responsible for the management and allocation of the fund, were all members of Lloyd's. Sir Francis Baring was Chairman from 1803 to 1810, when Angerstein succeeded him. The other members were Thomson Bonar, one of the wealthiest underwriters in the Rooms; Robert Shedden and Thomas Reid, leading underwriters and brokers; John Mavor, merchant and underwriter, and Richard Lee.

CHAP. X
1803-1814
Lloyd's and the
Patriotic Fund.

How closely "The Patriotic Fund at Lloyd's" was identified with its birthplace, is proved even by its enemies. Cobbett, whose rabid hostility to the mercantile classes inspired a series of venomous attacks, objected in so many words to "a set of traders at Lloyd's" usurping the functions of the Crown by bestowing marks of honour on naval and military officers. His objections were not shared by the Navy itself. "A sword from the Patriotic Fund," wrote Captain Dashwood of H.M.S. *Franchise*, "is as grateful to the feelings of a young officer as Westminster Abbey would have been to the immortal hero Nelson."

Cobbett's
attack on
Lloyd's.

It may be admitted that the Committee erred in judgment when they presented a silver vase to that erratic genius Sir Home Popham for his capture of Buenos Ayres—an exploit which led to frantic speculation in South American trade, involved Great Britain in a singularly inglorious military expedition, and drew on Popham a court-martial and a severe reprimand for quitting his station without orders. Popham, very in-

CHAP. X judiciously, had addressed a circular letter to the London merchants, enlarging on the advantages of the new market he was opening up, and Lord Howick, First Lord of the Admiralty, in defending his recall, drew the illiberal conclusion:

The First Lord
condemns the
Patriotic Fund.

“Perhaps this letter to seek mercantile gratitude, while offending against professional duty, was one of the fatal effects to be apprehended from that mischievous system of rewards administered by the committee at Lloyd’s, called the Patriotic Fund, a committee which is held out to the navy as giving greater reward and encouragement than the government of the country.¹

Presentations
to sailors and
soldiers.

Lloyd’s might have replied that, if this were true, the fault lay with the Government, and the majority of the presentations made by the Committee were, unquestionably, well earned. Among the many distinguished recipients of vases or swords were Lady Nelson, Lord Collingwood, Hardy—Nelson’s friend and flag-captain—Captain Thomas Baker, of *Phoenix* and *Didon* fame, Commodore Dance (who beat off a French squadron with his fleet of East Indiamen), Marshal Beresford, and Sir David Baird. After Trafalgar, a beautiful silver cup, designed by Flaxman, was presented to each of the Captains present at the battle, and one of these, which has come into the Corporation’s possession, is illustrated in these pages. In 1809, however, the system of presentations was discontinued, in order that every penny might be devoted to the primary purpose of the Fund, the strain on which was much increased by the heavy casualty lists of the Peninsular War.

To cope with this strain, the Committee made a fresh public appeal in 1809, and Lloyd’s gave the new effort a send-off by transferring £5,000 Consols to the Fund. In 1812, after the storming of Badajos, an additional £10,000 was transferred, bringing up the total contribution from the Society’s corporate funds to £35,000 Consols, irrespective of the still larger sums contributed by the Subscribers as individuals. In addition,

¹ Hansard, VIII, 75.

£10,000 Consols was voted to the Waterloo Subscription, an independent fund.¹

CHAP. X
1803-1814

The increasing wealth and more efficient organisation of Lloyd's, the prestige derived from its unrivalled system of shipping intelligence, and the merit acquired by its promotion of the Patriotic Fund, are all reflected in the increasing influence of the society on naval and commercial affairs. Lloyd's was now a power in the State, and its influence on naval dispositions was by no means confined to co-operation with the Admiralty in the enforcement of the Convoy Acts.

Lloyd's a
power in
the State.

The events of 1804—the first complete year of the renewed war—bear remarkable testimony to the Committee's influence and activities. In February, when it was proposed to change the port of assembly for the homeward bound Baltic Convoys from Elsinore to Gothenburg, the Admiralty submitted the proposal to the Committee, who reported, after consulting the Russia Company, in favour of adhering to the old arrangement. In April, the Committee were protesting strongly against the practice of despatching convoys with a single ship escort, pointing out that H.M.S. *Wolverine*, escorting a Newfoundland convoy, had recently been overpowered by an opponent of superior force,² and that the shipwreck of an escort vessel might, in the absence of a consort, leave her fleet of merchantmen as sheep without a shepherd. In these circumstances the Committee were rightly alarmed by the sight of convoys numbering from fifty to seventy sail, with only a single brig or sloop as escort. Their uninvited interference with naval dispositions seems, for once, to have nettled the Admiralty, and no answer was returned; but two months later it was noted in the

Influence
of Lloyd's
on defence
of trade.

¹ For the further history of the Patriotic Fund, and its modern developments, see *The Patriotic Fund at Lloyd's*, by Lieut.-Colonel A. N. St. Quintin, O.B.E., Secretary of Lloyd's Patriotic Fund, published in 1923.

² See James, *Naval History*, III, 255-6.

CHAP. X minutes that every convoy was now accompanied by
1803-1814 two ships of war.

In the following month, Messrs. Bennett and White forwarded a private memorial from Subscribers interested in the Adriatic trade, as to the necessity of ships being escorted "absolutely *to* the Port of destination," in order to guard against privateers from Ancona and elsewhere. This is only one among many incidents recorded in the minutes or correspondence of Lloyd's which anticipated in striking fashion the experiences of the Great War.

Developments
of the Great
War anticipated.

In July, the Committee interfered, successfully, to prevent reckless impressment from the crews of homeward bound merchant ships, without giving them enough "ticket men" in exchange, to bring them safely in. In August, they procured the withdrawal of license to sail without escort from a number of West India ships. In October, they were responsible for a very interesting development of the convoy system itself. At that time a great West India Convoy was assembling at Portsmouth, and another at Cork. With a view to reducing the size of the Portsmouth Convoy, which had frequently become unmanageable in previous years, the Committee suggested, on October 13th, that weekly convoys should sail from Portsmouth to Cork, until November 1st, with any fresh ships that might get round from the River to join up. Their letter, which foreshadows the development of coastal convoys in 1917-18, bears the Admiralty Secretary's minute: "Direct Admiral Montague to give the protection requested by the Committee. Let him [Mr. Bennett] know it."

In October, 1804, there began, also, a lively three-cornered correspondence with the East India Company, and the East India Board, respecting the loss of the *Althea*, a private ship from the East Indies, with a cargo valued at £400,000; her capture being due, in

the Committee's opinion, to the fact that private vessels in an East India Convoy were not, like the Company's ships, placed directly under the orders of the escort officer. Finally, in the month of November, came a correspondence with the Foreign Office respecting certain relaxations of the Elbe blockade in heavy weather.

It is impossible to follow out, year by year, the correspondence entered in the minute books, or preserved among the Admiralty records. Most of the letters at the Record Office bear a similar endorsement to that on one of December 31st, 1806, respecting the proper sailing dates for the homeward West India Convoys: "Directions to the Admirals on the Leeward Islands and Jamaica stations conformably to what the Committee have recommended. Let Mr. Bennett know it."¹

CHAP. X
1803-1814
Responsiveness
of the Admiralty.

At every turn of the Convoy organisation, and in every department of trade protection, the Committee intervened boldly and frequently, and they almost always found the Admiralty responsive to their suggestions. In 1807, for instance, they procured instructions that convoys for the West Indies should no longer call to bring out ships from Falmouth, owing to the danger of unfavourable winds entailing either a long delay or the necessity of proceeding without one of the escort ships. The bulk of the correspondence, however, is concerned with the heavy losses suffered in the Channel, by the coasting and Irish trades (which were exempt from the provisions of the Convoy Act), by running ships, and by vessels dispersing from a convoy to their ports of destination, or parted from it by stress of weather.

Again the resemblance to the conditions of 1917-18 is very striking, and the remedy ultimately provided was equally striking as a forecast of later events. In 1806, the Admiralty approved the Committee's suggestion to

¹ The dates recommended were May 10th, June 20th, July 20th; Ships never to sail from the rendezvous (not from Kingston) later than July 20th.

CHAP. X provide fast sailing cutters to watch the ports (Bou-
 1803-1814 logne, Calais, Dunkirk, Ostend) whence the enemy's
 privateers issued; but this proved an inadequate
 measure for the diminution of Channel risks, and two
 deputations which waited on the Admiralty in October
 and November, 1810, were informed that frequent and
 regular coastal convoys were now provided from the
 Downs to Portsmouth, and from Falmouth and Ports-
 mouth to the Downs. In accordance with the Admir-
 alty's suggestion, the Committee responded to this
 development by recommending that returns for con-
 voy in the homeward trades should henceforth be split
 —so much for the homeward voyage, and so much for
 sailing in coastal convoy.¹

Coastal
 convoys.
 1810.

Coastal
 signals.
 1805.

There was one other interesting branch of trade pro-
 tection in the Channel in which Lloyd's took a promi-
 nent part. For naval intelligence purposes, the Ad-
 miralty had erected a chain of signal stations on the
 coast, part of whose duty it was to give warning when
 an enemy cruiser was sighted. In November, 1805, the
 Committee ascertained that merchant ships were not
 provided with these coast signals, and were therefore
 unable to take in the warning. They accordingly sug-
 gested that copies of the relevant signals should be dis-
 tributed through the Customs Authorities, and to this
 the Admiralty at once agreed. In 1810, when fresh in-
 structions were issued, owing to the Customs officials
 having become lax in their distribution of the signals,
 the code ran as follows:

For an Enemy's frigate or frigates	..	One ball above a Flag.
„ the Enemy's small cruisers	..	Two balls „ „ „
„ an Enemy's ship or vessels close un- der the land		Three balls „ „ „

All under a pendant at the mast head.

A night signal by "false fires" for merchant vessels

¹ In March, 1809, the Admiralty had stated that coasting and Irish convoys were invariably arranged whenever applied for. In the same communication they stated that licenses to run were never given to foreign going ships if prompt escort was available, and seldom, under any circumstances, to ships with valuable cargoes.

July, which exposed them to
the violent Gale they experienced
the end of August, had the
Convoy left Jamaica one Week
earlier, it is supposed they would
have felt little or nothing of the
Gale, from the Weather experienced
by other Ships which were at
the time within two or three
Degrees of their position.

I am therefore directed
by the Committee, to suggest for the
consideration of the Lords
Commissioners of the Admiralty,
that Orders may be sent to the
Commander in Chief at Jamaica,
that three Convoys leave the
Island every Year, between the
1st of May and 1st of August,
to sail from the Rendezvous
(not from Kingston) at the
dates undermentioned.

10th May
20th June
20th July

pursued by a raider, was added, at the Committee's suggestion, in 1807, and instructions distributed through the Customs, and the Committee of Ship-owners of the Port of London. CHAP. X
1803-1814

Even more illuminating as an illustration of the difficulties under which trade was carried on during the later stages of the war, was a controversy with the Post Office which arose in 1808. A very large proportion of the trade with Europe was now carried on in neutral bottoms, and any neutral ship which had taken part in the traffic was liable to seizure wherever the influence of France extended. Bennett and White had accordingly been instructed by the Board of Trade not to publish the arrivals of such ships in *Lloyd's List*, as that paper was so generally circulated on the Continent, that it might be used as evidence against the vessels.¹ The sailings continued to be correctly recorded in the confidential books in the Subscribers' Rooms; but in the books open to public inspection, and in *Lloyd's List* itself, false ports of arrival were given.

'Lloyd's List'
used to deceive
the enemy.
1806.

Lloyd's List, however, had now a rival. In the year 1801, a number of Post Office clerks set up, as a private venture, *The General Shipping and Commercial List*, a daily publication. They obtained permission, and franking privileges, from the Post Masters General, on the distinct understanding that there would be no clashing with *Lloyd's List*, and no stealing from it.

A rival to
'Lloyd's List.'
1801.

No particular friction seems to have arisen until 1808, and the proprietors of the *General Shipping List* were even allowed access to the confidential books in the Subscribers' Rooms, though without right of reproduction. In November, 1808, however, George Curling, then Chairman of *Lloyd's*,² wrote to the Post

¹ In a letter from Fawcner, Secretary to the Committee of Trade and Plantations, dated 23 December, 1806.

² Brook Watson—Sir Brook Watson, Bart., in 1803—died in October, 1807. At the General Meetings of that year, William Bell took the chair; but he may have acted as deputy for Watson. Curling was unquestionably chairman in 1808, as he signs as such. William Bell appears to have succeeded him in 1809 and certainly held office in 1810, when he attended the Admiralty as Chairman of the Committee.

CHAP. X Masters General complaining bitterly that, while Ben-
 1803-1814 nett and White had strictly observed the Government's
 wishes, the Post Office Clerks were publishing information about neutral traders that might be very prejudicial to British commerce.

Controversy
 with the Post
 Office.
 1808.

This was not their only offence. Curling accused them in round terms of copying from the confidential intelligence at Lloyd's, and from the shipping lists forwarded to Lloyd's through the Post Office, and of delaying delivery of the port letters and other intelligence, in the interests of their own publication.

Francis Freeling, Secretary to the Post Office, replied, minimising the offences, which he attributed to oversight, and laying great stress on the favour shown to "the persons interested in *Lloyd's List*," by post-free delivery of intelligence. He added, however, that the publishers of the Post Office List had been given instructions to avoid offence in future. This reply drove Curling to a stinging rejoinder. Reiterating his charges, and adding fresh instances of piracy and improper disclosures, he denied that the publishers of *Lloyd's List* had made any complaint, or that the Committee had anything to do with their interests. The Committee themselves had raised the matter in the public interest, and they felt themselves under no obligation to the Post Office for facilities accorded for the public benefit. They were sorry to learn that:

"The Proprietors of the General Shipping List have *hitherto* not received any commands from the Lords of the Treasury, or have had the wishes of the Lords Commissioners of the Admiralty expressed *to them* to mind their own business, and not to intermeddle with other men's concerns."

They observed that Mr. Freeling had "every reason to believe" that the caution recommended by the Board of Trade had been attended to with as much strictness as possible; but "they see no reason why the Mercantile Interest should be left to the chance whether it is so or not." On this note the correspondence closed—

from which it may safely be conjectured that Curling's remonstrance was successful.¹

CHAP. X
1803-1814

Throughout this period the war overshadows all other activities of Lloyd's. There is evidence, nevertheless, that the new conception of the Society, as a great public institution, continuously watching over the interests of its Members, was steadily gaining ground. In 1802, for instance, during the short interval of peace, a General Meeting was requisitioned to consider the means of dealing with a great increase in fraudulent averages, attributed to the sudden fall in premiums. At this meeting a Special Committee was appointed to consider the whole question of average claims, and although their labours were interrupted by the renewal of war, they had got so far, in March, 1803, as to prepare draft clauses for insertion in all policies, which were sent to the two Corporations for approval. There is no record of the nature of these clauses, but Stevens was of opinion that the Committee were probably responsible for the clause—known as “Mr. Angerstein's clause”—requiring a Certificate of Survey by two British merchants, in cases of claims for partial loss by sea-damage arising at foreign ports.²

Growth in
Committee's
activities.

In the same year began a long struggle with the Revenue Authorities for reduction of the stamp duties on marine insurance, and in 1803, the Committee were instrumental in procuring an Act “for the better preventing wilful destruction of ships at sea.”³

Three other matters only need be mentioned—and they are mentioned chiefly as typical of the wide range now given to the Committee's activities, and the wide influence they exerted. The first of these—the prac-

¹ Curling to P.M.G., 14 Nov., 1808, Freeling to Curling, 12 Jan., 1809, Curling to Freeling, 13 Feb., 1809.

² *Essay on Average*, 2nd ed., p. 95 n. Angerstein, however, was not on the Special Committee.

³ 43 Geo. III, c. 113. The Committee's activity in the matter is deduced from an item in their accounts for expenses relating to altering the law.

CHAP. X
1803-1814

Law cases
and frauds.

tice of defraying legal expenses incurred by shipowners and others in fighting cases beneficial to the underwriters—was a direct result of the growth in the corporate funds of the society. The first case so taken up was that of the brig *Unity* in August, 1800. The best known was that of the *Adventure*, fraudulently scuttled on August 8th, 1802, by “the noted Captain Codling,” whose crime probably led to the Act for “the better preventing wilful destruction of ships.” Among other cases, two actions brought by shipowners against the West India Dock Company in 1808, were taken up with peculiar zest, as the Committee were, at the time, supporting the Society of Shipowners of Great Britain, in their opposition to a Bill for the purpose of limiting the Dock Company’s liability.

As an instance of the power wielded by Lloyd’s, few incidents are more striking than their successful protest against the practice of making orders, in the Courts of Vice-Admiralty abroad, for the sale of recaptured ships and cargoes, instead of taking bonds for the salvage, or selling only such part of the cargo as would cover the same. In 1811 the Committee objected to the practice as involving forced sales and heavy expenses. They received cordial assistance from Sir William Scott, afterwards Lord Stowell, the greatest of prize lawyers, and in 1813 an Order in Council was issued, giving them all they asked.

Agents in
the Downs
appointed.
1805.

The third incident is important chiefly as a shadow of coming events. A strike of boatmen at Deal, and continual complaints of extortionate charges for salvage and other services, led the Committee, in 1805, to appoint Messrs. Goodwin, Curling and Co., as agents to act for them in the Downs. The appointment was evidently regarded as exceptional; for several offers of agency services at other ports were refused, on the ground that the Committee had no power to appoint agents to act for the underwriters; but a precedent had

been set that was shortly to be followed by a very great extension of the work of Lloyd's. CHAP. X
1803-1814

It will be seen that, under the guidance of Brook Watson and his successors, George Curling and William Bell, Lloyd's had become very different from the New Lloyd's Coffee House of the American War. It had made great strides in numbers, wealth, and organisation. It had attained the dignity of a great public institution, whose interests were consulted, whose assistance was sought, and whose advice was taken by Governments and Departments. We have seen how it was regarded by Weskett in 1781. In 1804, the author of a biographical sketch of Angerstein could sum up its position as follows :

"In short Lloyd's coffee-house is now an empire within itself; an empire which, in point of commercial sway, variety of powers, and almost incalculable resources, gives laws to the trading part of the universe."¹

¹ *Public Characters of 1803-4*, 389.

CHAPTER XI.

LLOYD'S ON ITS TRIAL.

1810-1811.

ENVY treads close on the heels of success, and the extraordinary prosperity enjoyed by Lloyd's during the great French wars had the inevitable result of raising up enemies to the Society. Their hostility came to a head in 1810, and it is a significant commentary on the hopes and fears excited in 1720 that it took the form of an attack on the exclusive privileges then accorded to the Royal Exchange and London Assurance Corporations.

Small marine
business of
Corporations.

The promoters of these Corporations had intended them as supplanters, Parliament intended them as effective competitors, of the private underwriters; but promoters and Parliament alike had seen their intentions disappointed. There is a general concurrence of testimony that the Corporations, as marine underwriters, pursued an excessively cautious policy. They confined themselves to good risks, avoided the cross trades, and seldom ventured more than £10,000 on a single policy. On the indisputable evidence of the stamp duties, their joint share of the marine insurance business transacted in London during 1809 was only £6,150,000, or less than four and a half per cent. of the total.¹

Underwriting
at outports.

Private underwriting, at this period, was carried on busily at the outports. At Glasgow, where a number of merchants met at a bookseller's shop to insure ships and cargoes so early as 1744, the underwriters and brokers had drawn up rules for the conduct of their business in 1778. The Liverpool Underwriters' Association had been formed in 1802, at a meeting in the Exchange Coffee Room, at which Mr. (afterwards

¹ *Report from the Select Committee on Marine Insurance, 1810; Observations on the Report of the Committee, by Joseph Marryat.*

Sir) John Gladstone, father of William Ewart Gladstone, presided.¹ Bristol was still an important centre, and a good deal of the coasting and short sea trade was insured at Newcastle and Hull. It is clear, however, that at least three-fourths of the marine insurance business of the United Kingdom was carried on in London. Here, according to Angerstein, there were still a number of underwriters who wrote policies at the Jamaica and Jerusalem Coffee Houses, at the Coal Exchange, or at their own counting houses;² but their transactions were trifling in comparison with those carried on in Lloyd's Subscription Rooms. The narrow limits of the two Corporations' activities had converted the restrictions on underwriting into a virtual monopoly for Lloyd's.

In these circumstances, it is not surprising that Lloyd's had long ceased to feel any jealousy of the Corporations. Each of them was represented on the Subscribers' List by its four chief officers, and the Boards worked cordially with the Committee in the consideration of average questions and other matters of common interest. It is much more remarkable that the exclusive privileges of the Royal Exchange and London Assurance remained unchallenged from the outside until 1806, when the Globe Insurance Company petitioned the Lords Commissioners of Trade for a Charter to enable them to carry on marine insurance. A Bill for this purpose was actually introduced; but was opposed by the Royal Exchange Corporation, and after being referred to a Committee, was dropped. The example, however, was not likely to lack imitators and, in 1810, a very much more formidable attempt was made to break down the monopoly.³

CHAP. XI
1810-1811

Globe Insurance
petitions for a
marine charter.
1806.

¹ Lloyd's General Report, 1901, pp. 154-5, quoting *Glasgow Journal* 25/31 December, 1744, *Glasgow Mercury*, 16 July, 1778; *Liverpool Underwriters' Association—its History and its Centenary Celebration*, 1902.

² See his evidence in the Report of 1810.

³ Cornelius Walford, *Insurance Cyclopædia*, Vol. V, 1878, pp. 423-7; *House of Commons Journals*, Vol. LXI; *Hansard*, Vol. VII, 812. Martin, pp. 230-1, is in error in stating that the Globe Company had contemplated marine insurance prior to 1806.

CHAP. XI The new attack came from the London merchants,
 1810-1811 who grudged the underwriters and brokers their remuneration, and conceived the idea of a huge company, with a nominal capital of £5,000,000, with which its members would be able to place risks direct, thus eliminating the brokers altogether, and dividing among themselves the underwriters' profits. A subscription list for this purpose was actually opened towards the end of 1809, and on February 8th, 1810, a petition by the Subscribers was presented to Parliament, asking alternatively for a repeal of the monopoly granted to the Royal Exchange and London Assurance, or a special Act of Incorporation for themselves. At the same time, the Globe Insurance renewed their application.¹

Petition for
 repeal of the
 Corporations'
 monopoly.
 Feb., 1810.

This was, in effect, a declaration of war on Lloyd's, and it was to be war to the knife. Nobody seems to have troubled one way or the other about the Globe; but the petition of the London merchants was a different matter. There were those, even at Lloyd's, who believed, or affected to believe, that the new company would draw so much fresh business to London that Lloyd's would have more business rather than less;² but it is clear that the promoters themselves did not share this view, and by the vast majority of the Subscribers to Lloyd's the prospect was viewed with consternation. The petitioners included so large a proportion of the wealthiest merchants in the City that the new company was expected to absorb the great majority of the good risks, leaving only those on bad ships, cross voyages, and long voyages, to private underwriters.

Great alarm
 at Lloyd's.

This alarm found strong expression at a General Meeting held at Lloyd's on January 29th, 1810. Angerstein, in particular, exerted his whole powers to inspire the opposition, and almost the only notable dissident was Mr. Thomas Rowcroft, who will figure

¹ For the subsequent proceedings in the House of Commons, see H.C.J., Vols. LXV and LXVI; *Hansard*, XV, 399-424, 495-6; XIX, 117-19.

² Evidence of James Forsyth, Underwriter and Broker.



NORTH FRONT OF THE ROYAL EXCHANGE,

SECOND ROYAL EXCHANGE, NORTH FRONT, IN 1798

SHOWING EXTERIOR OF LLOYD'S ROOMS

Published Decr 1798 by J. H. B. del.

prominently in a later chapter of this history. Mr. Rowcroft "could easily conceive a Company of this nature being very advantageous to trade, although it might be injurious to the interest of some gentlemen around him," and wished to suspend judgment till he had details of the proposals.¹

This cool impartiality found little support at Lloyd's. The Meeting resolved that the formation of any new company would be "highly detrimental to the Interests of the Subscribers to this House in general, and ruinous to numerous Individuals who have made Insurances their Sole Business," and appointed a Special Committee of fourteen Subscribers, with Angerstein at their head, to organise the opposition. Joseph Marryat, M.P. for Sandwich, who was to make a name for himself at Lloyd's almost as famous as Angerstein's or Brook Watson's, excused himself from serving on the Committee, owing to pressure of business, but undertook to fight the battle of Lloyd's in the Commons.

CHAP. XI
1810-1811

Lloyd's prepares
for the fight.

No better champion could have been chosen. From his father, a learned but eccentric doctor of medicine, Marryat had inherited the ability and pugnacity which he passed on to his more famous son, Captain Frederick Marryat, the novelist of the British Navy.² He was himself an able pamphleteer with considerable powers of argument and sarcasm, a most acute and subtle controversialist, and a clear and forcible speaker, who had already gained the ear of the House of Commons.

Joseph Marryat
as champion
of Lloyd's in
Parliament.

The fight in the House began on February 14th when Mr. W. Manning, father of Cardinal Manning, moved for leave to bring in a Bill to establish a new marine insurance company, according to the prayer of the petitioners. His arguments were mostly inaudible in the reporters' gallery; but while he disclaimed any intention to injure the business of Lloyd's, he appears to

¹ *Star*, 30 January, 1810.

² D.N.B., Dr. Thomas Marryat, Captain Frederick Marryat.

CHAP. XI have based his case mainly on the alleged instability of
 1810-1811 the underwriters. Marryat replied with immense vigour, and great dialectical skill. Ingeniously appealing to prejudices still deeply embedded in the minds of most Englishmen, he used the history of Elizabethan and Stuart monopolies, and of the South Sea Bubble, to excite his hearers against the new company which, he maintained, could result only in a virtual monopoly, fatal to the free competition that prevailed at Lloyd's.

Marryat's
 speech for
 Lloyd's.

Of the working of Lloyd's itself, he gave an admirably clear and vivid account, already drawn upon in these pages, and dwelt, in particular, on the value of the professional underwriter's specialised knowledge and ability. He went on to refer, in terms well calculated to excite the sympathies of a war-time Parliament, to the public services rendered by Lloyd's in the free communication of intelligence, and to their inauguration of the Patriotic Fund, which "at a period of great and general public alarm . . . infused energy and confidence into the public mind, and gave an impulse to patriotism, which was felt, and most beneficially felt, to the very remotest corner of the British dominions."

The Select
 Committee
 on Marine
 Insurance,
 1810.

Despite Marryat's eloquence, the House decided, on February 20th, to refer both petitions to a Select Committee, who were to take into consideration the whole question of marine insurance. Both Manning and Marryat were appointed members of this Committee, which included also Alexander Baring, one of the strongest supporters of the petition, and, on the other side, Mr. Pascoe Grenfell, a director of the Royal Exchange Assurance Corporation. The most notable names among the neutral members are those of Brougham, Huskisson, and Lord Mahon. The scales were weighted, however, in a very extraordinary manner, by the appointment of Manning as Chairman of the Committee.

The Committee examined thirty-six witnesses, and the inquiry resolved itself, from the first, into an indictment and trial of Lloyd's. The prejudice against public companies was still far too strong for the petitioners to have much chance, unless they could show that the existing facilities for marine insurance were altogether inadequate, and their witnesses were driven to attack both the methods of doing business at Lloyd's and the credit of the underwriters themselves. The Corporations were treated with more respect, for it was the basis of the petitioners' case that marine insurance could be carried on by companies better than by private underwriters; but evidence was brought to show that the very small scale on which they operated rendered a continuance of their monopoly preposterous.

CHAP. XI
1810-1811

The petitioners
attack Lloyd's.

To this part of the case there was really no answer. It was abundantly clear that the Corporations hardly counted at all as serious competitors of the underwriters for marine insurance business. Several witnesses deposed that they would prefer to do business with them but for their cautious policy. Others shared the opinion of Mr. Moses Getting, insurance broker: "As long as I can find good names and facility in the room,"—a very early use of the term—"I think it is more pleasant to all parties to stay there." The outstanding fact was that the combined operations of the two Corporations covered only a negligible percentage of the marine insurances annually effected, and that this percentage was unlikely to increase. When Timothy Greated, Chief Clerk in the Shipping Department of the London Assurance, was asked why his Society's business was much less than that of some individual underwriters, he could only reply pathetically, "We cannot insure if the parties do not apply to us; it is for want of application I presume."

Evidence as to
Corporations.

The moral drawn by the Select Committee, under

CHAP. XI Manning's guidance, was that the capital of the two
1810-1811 Corporations was insufficient. This conclusion is questionable, for the Royal Exchange had a paid-up capital of £680,000, and uncalled capital up to £1,500,000; in addition to which, the proprietors were personally responsible for all liabilities in excess of the amount of the stock. The Committee's conclusion, however, that the intentions of the Legislature in creating the Corporations had been "wholly disappointed," is beyond dispute. Their privileged position was tenable only so far as they were outworks of the underwriters' citadel at the Royal Exchange.

The charges brought against Lloyd's itself were exactly the same as had been brought against the private insurers nearly a hundred years before—inadequate facilities for effecting insurances at reasonable rates; difficulty in obtaining settlement of claims, due partly to the litigiousness, and partly to the financial weakness of the underwriters; undue cost of insurance, arising from the excessive remuneration of the broker.

Insurance
companies
abroad.

In the attempt to establish all three points, great play was made with the rise of numerous insurance companies abroad, especially at Hamburg, in India, and in the United States. This, it was suggested, proved first that, in the absence of restrictive legislation, the natural way of carrying on marine insurance business was by joint-stock concerns; secondly, that the insurance facilities in England were either inadequate, or distrusted abroad, and that an immense amount of business was being carried on oversea, which the establishment of the proposed new company would infallibly draw back to London.

On this point the petitioners' case broke down badly. It was admitted that thirty-six marine insurance companies had actually been formed at Hamburg, and others at Copenhagen and elsewhere in Europe; but

their own witnesses were driven to admit, under cross-examination, that the main purpose of these companies was the insurance of enemy property, and that they were able to do very little business, on account of the fear of giving publicity to transactions prohibited under the Berlin and Milan Decrees. In actual fact, all but five or six of the Hamburg companies had already shut down, and many of them had failed disastrously.¹

CHAP. XI
1810-1811

Failure of
companies
at Hamburg.

The facts with regard to the Indian Companies were elicited chiefly from witnesses of good standing in the Indian trade, and proved conclusively that a large proportion of the Indian risks, including practically the whole of those on the coasting trade and local cross-voyages, were insured in India. The witnesses, however, were practically unanimous that, in no circumstances, could any of this business be attracted to London, unless the communications with India could be improved by the establishment of a fast packet service. Indeed, the net effect of the whole evidence, as regards the growth of companies abroad, is to leave very little doubt that the bulk of their business was composed of transactions—such as insurance of enemy property and insurance against British capture—which were illegal in this country; or transactions—such as Indian and West Indian cross risks—which could not conveniently be carried on with underwriters a great way off. There is hardly a scrap of real evidence to prove that Lloyd's was losing any business that could possibly be done in London.

It was indeed asserted by Mr. John Dederick Rucker, the opening witness for the petitioners; that the whole body of British underwriters was "in low estimation abroad," and his charges were confirmed by Frederick Molling, their second witness. It cannot be said that the petitioners were happy in their selection of these two gentlemen to open their case. Both had come over

A German
attack on
Lloyd's.

¹ Evidence of Rucker and Grill.

CHAP. XI from Hamburg some five or six years before the in-
 1810-1811 quiry, and Rucker was so ignorant of insurance affairs in this country, that he seems to have considered the practice by which merchants guaranteed the underwriters to their foreign correspondents, as a recent innovation due to heavy losses sustained by the insolvency of insurers.

Marryat's
 rejoinder.

Marryat, in a pamphlet on the report subsequently presented by the Committee, pounced on the origin of these two critics of Lloyd's with delighted, and delightful malice.¹ The Hamburgers, he remarks, were hereditary enemies of Lloyd's, where they were notorious for unfair claims and chicanery. "They had been in the habit of levying as heavy contributions on the underwriters at Lloyd's, as were ever imposed upon them by any of Buonaparte's generals," and he caustically remarks that in Rucker's brief career in England, he "can hardly have had time to wear off the rust of his native partialities." Very different evidence was given for Lloyd's by Claes Grill, an eminent foreign merchant who, in Marryat's words, was "carrying on extensive business in London, before these Hamburg young gentlemen were born," and was in the habit of placing large insurances for his foreign correspondents. "I should have no doubt in my mind," he said, "that an English underwriter stands in very high estimation upon the Continent, both in point of honour and character."

Weakness
 of petitioners'
 evidence.

On the whole question of the underwriters' status and financial stability there is a most significant contrast in character between the evidence for the petitioners and the evidence for Lloyd's. The one consisted mainly of vague general allegations; the other rested on a solid basis of facts and figures. Witness after witness came forward with sweeping statements as to the frequency of insolvencies at Lloyd's, or the losses incurred by

¹*The substance of a Speech delivered in the House of Commons on the 20th of February, 1810, Upon a Motion for a Select Committee to consider the Act of 6th Geo. I, and of the Means of effecting Marine Insurances: Also, Observations on the Report of the Committee. By the late Joseph Marryat, Esq. Reprinted for Lloyd's 1824.*

merchants through guaranteeing the underwriters; but on cross-examination it always appeared that the witness or his firm had been protected, by the special intervention of a kindly Providence, against these common misfortunes. Mr. S. Williams was very insistent on the instability of the underwriters; but his own losses had been, "Scarcely worth mentioning." Mr. Alexander Glennie was more explicit in his charges than most of his fellows:

"In Lloyd's Coffee-house there are, I believe, very few instances upon a large policy that there are not one or two bankrupts upon it before we can effect a settlement."

This sounded damaging; but its effect was badly spoiled when he was driven to explain that he did not mean that his house had actually suffered great losses at Lloyd's.

The merchants and brokers who gave evidence on the other side were better prepared to stand cross-examination. No doubt, the main lines of the defence had been thoroughly threshed out with the Special Committee. Angerstein, for instance, proved that, "by the account before me," he had placed, for a single firm, during a period of twenty-two years, risks amounting to £8,483,081, and had recovered for them "for losses, averages and returns" £490,323. 15s. 11d. "In that account," he dryly admitted, "I had underwriters who did not prove solvent; I recovered short of what I should £2,130. 11s. 1d. by bad underwriters in the twenty-two years;" but he went on to say that even this trifling loss had been reduced by dividends to £1,119. 19s. 1d.—less than threepence halfpenny per cent. on the amount insured.

CHAP. XI
1810-1811

Angerstein's evidence. No serious loss by failures.

Other leading brokers were equally emphatic. Thomas Reid, who had about two hundred and fifty accounts at Lloyd's, had effected, during the previous ten years, insurances to the amount of six or seven million pounds, and incurred bad debts amounting to £777.

CHAP. XI Almost exactly the same figure covered the losses of
 1810-1811 Thomas Halliday, Russian merchant, insurance broker, and underwriter, on insurances during seven years, to the value of nearly five million pounds. George Shedden had lost exactly £36. 17s. 3d. by underwriters in the course of nine years. James Barnes had lost £300 in six years, against £280,000 actually recovered on claims. Marryat did not give evidence, but in his "Observations on the Report of the Committee," he stated that, during twenty-four years at Lloyd's, only seven underwriters had failed to him for losses, and these had paid 13s. to 14s. in the pound, while ninety-four mercantile firms had failed to him for premiums, and had paid, on the average, only 4s. or 5s. in the pound.

Security to
 the Assured
 through Act
 of 1720.

Great stress was laid by the witnesses for Lloyd's on the security given to the Assured by the fact that the underwriter's accounts were obliged, under the Act of 1720, to be kept separate from those of any house in which he was concerned as merchant or broker, and that the balance of premiums due to him could not be made liable for partnership debts.¹ It was largely for this reason that Lloyd's was so strongly opposed, not only to the creation of a new company, but to repeal of the prohibition on underwriting in partnership. A further objection was that the absence of an absconding partner in a firm would make it necessary to obtain a decree of outlawry against him before proceedings could be taken against the others, thus delaying the recovery of claims.

It is clear, nevertheless, that the evidence as to failures at Lloyd's was not entirely baseless. The truth seems to be that, while the credit of the leading professional underwriters stood extremely high, there were still a number of small speculators in the Rooms, who secured a certain amount of business by under-

¹ See Chapter III, *supra*.

cutting the ruling rates. Angerstein himself deposed that he was very careful with whom he opened accounts, and had not above two hundred names on his books. Moses Getting, when asked, "Are there not a great many with whom you would not have an account from your opinion of their security not being good?" replied, "Lloyd's is the room just over the Royal Exchange; there is a mixture there as well as below, certainly." This was a smart reply; but the witness had not learned that a higher standard of solvency is demanded of those who offer insurance than of those who seek it.

It must be remembered that the new rules defining the qualification of members, and requiring written recommendations, had only been in force for ten years, and that the security given by these rules was very imperfect. The most interesting feature of the whole inquiry, in its bearing on the future, is the fact, elicited in the evidence, that the threatened competition of the new company had led to a proposal for "the more respectable underwriters to distinguish themselves from those they have considered as not so deserving of credit, by some subscriptions of stock, or by some other means."¹ Angerstein, it is interesting to note, had heard of this suggestion "voluntarily to lodge security," but "did not think that could have answered."

The charge against the underwriters, however, was not only that they were financially unsound, but that, dishonest and litigious, they resorted to shabby means of evading or delaying the settlement of claims. On this point Mr. Alexander Glennie was the leading witness. As an instance of chicanery, he mentioned that underwriters were refusing to pay a loss, because his only witness was unavailable, being in a French prison. On being pressed, he admitted that the underwriters contended that the cross-examination of this witness

CHAP. XI
1810-1811

Proposal for
underwriters
to deposit
stock.

Charges of
chicanery by
underwriters.

¹ Evidence of Forsyth and Angerstein.

CHAP. XI was very material to establish the facts of the loss. An
 1810-1811 uglier instance was a case decided against him on a point of law, in which the Judge had said that any honest underwriter would consider himself morally bound to pay, and only about thirteen out of thirty names on the policy actually did so. It may be hoped that Mr. Glennie's experience was unusual.

Angerstein on
 liberality of
 underwriters.

Angerstein, whose unrivalled standing and experience at Lloyd's—he had been transacting insurance business for fifty-four years—led to his being examined at exceptional length, had a very different account to give of the underwriters:

“There are a great number of claims made which are not allowed; but the underwriters cannot cheat a merchant, except in one way, that is by being a bankrupt. I do not call the underwriters calling for papers acting a wrong part, for there are so many fraudulent insurances, and, I am sorry to say, I am afraid I have made many through my office, that I do not wonder where proofs are called for; the demands from foreigners particularly are past all belief; but the mode which they generally follow at the coffee-house is to leave it to a reference I could produce a number of instances where they are very liberal. I have known them dispute a point of law when they could not get a certain voucher, which if they had got, the underwriters must have succeeded; but the assured would not produce that voucher, and the solicitor for the underwriter took the advantage of the illegality of the insurance. When the underwriters found that the law suit was got by that means, they would rather be cheated and pay the loss, though the verdict was in their favour, and that to a considerable amount I have known them to pay a loss where the merchant has made a mistake, and called it ship instead of goods, or goods instead of ship, and the underwriter, knowing it, took no advantage, and paid the loss; these are facts from my books. I have known a ship insured from one place to Europe, when she came from another, and that has been paid All these are accidents; but the private underwriters will settle the loss for a man of character, where they will not for a man whom they suspect, where they see it is a mistake, they will pay a man of character, but where it is for a man they suspect they will not do it.”

He added that many of the difficulties which arose were caused by claims being drawn up by persons who lacked the necessary experience.

Other witnesses spoke to the same effect. Getting, in particular, had had losses in 1809, amounting to



LLOYD'S SUBSCRIPTION ROOMS AS SEEN BY ROWLANDSON IN 1800

£110,000, settled "on the letters only of the different merchants, and on the confidence the underwriters placed in me." John Fisher Throckmorton, an underwriter, carried the war vigorously into the enemy's country, and deposed to a long series of frauds within his own experience; ships insured after their loss was known to the persons making the insurance; ships deliberately scuttled or burned with dummy cargoes on board; forged bills of lading and invoices, ante-dated letters and the like. His evidence would have delighted Roger North, who must surely have foreseen the inquiries of 1720 and 1810, when he wrote in his autobiography:

CHAP. XI
1810-1811

Fraudulent
insurances.

"I have had occasion to wonder at several things, one is, that insurers of ships have a sort of obloquy, which either chance or custom hath given them, and they come not to the law without prejudice, such as extortioners, usurers, or pawnbrokers usually meet with, and the insured is favoured, and all presumptions taken on his part. Whereas the insurer cannot be a cheat, but is very often cheated by the insured; for the falsities come on their side, who know their own motives, which are secrets to the insurers."¹

Roger North
on insurers.

To support the charge of inadequate facilities, several witnesses were brought forward by the petitioners to speak to specific instances of difficulty in placing risks. These were not always happily chosen. One witness could cite only a policy on a ship to Spanish South America, a trade that was contraband even in peace. He had to admit, too, that the whole risk was placed. Another could only speak to the difficulty of insuring a ship manned by Lascars, without increase of premium, and Marryat triumphantly retorted that the underwriters were "satisfied to be found guilty of duly appreciating the superiority of British seamen."

The main complaint, however, was with regard to the difficulty of effecting insurances during the latter part of the year. The witnesses for the petitioners were almost unanimous on this point, though they could not

¹ *The Lives of the Norths*, Ed. Augustus Jessopp, 1890, p. 140.

CHAP. XI
1810-1811

The Autumn
holidays and
Winter Risks.

agree as to the exact months in which the difficulties occurred, which were variously stated as August-October, September-November, and August-December. In any event, the trouble was attributed to the large number of underwriters who went out of town for the benefit of their health, or, as was bluntly suggested, to avoid doing business in winter risks. It was proved, nevertheless, that during those very months, very large insurances were actually effected on the homeward bound Baltic, Newfoundland, and Mediterranean Convoys, and on the West India fleets. Angerstein himself had been out of town during the previous September and October, but his partner had placed risks to the value of nearly half a million during the two months. This hardly points to any real difficulty in doing business, and while Angerstein admitted that many underwriters went into the country during the autumn, he added that, as they left their friends or clerks to write for them, little harm was done. Other brokers were equally emphatic that they found no lack of facilities. "The old standards at Lloyd's," said Moses Getting, "always remain in their places, and whenever they can get their premium they will write." On the balance of evidence, the truth seems to be that the chief difficulties arose from the reluctance of the assured to pay the enhanced premiums demanded for winter risks.

Shipowners'
Clubs for
insurance
of hulls.

There was a general agreement that the premiums at Lloyd's were lower, on the average, than those quoted by the Corporations; but an attempt was made to show that Lloyd's premiums were excessive, by calling evidence from the shipowners' clubs. These clubs, which insured hull risks on a mutual basis, were of very doubtful legality, in view of the provisions of the Bubble Act against underwriting by Societies; but one witness stated in evidence that there were probably nearly a score of them in the country, mostly in the

north, with an average capital of about £50,000. Evidence was given to show that their losses and averages worked out at much less than the premium on a Lloyd's time policy; but there was no real basis of comparison, as the clubs only admitted "good" ships, and confined their operations chiefly to coasters and transports, on the latter of which the war risks were borne by the Government, leaving to the clubs only the risks arising from marine perils.¹

CHAP. XI
1810-1811

Glennie, one of the witnesses most actively hostile to Lloyd's, complained that there was a rapid rise in premiums when large insurances came to be placed, and that he had known premiums on the same risk to vary by as much as 100 per cent. Angerstein, on the contrary, declared that there was very little variation. "We do immense large sums at the same premium; I can bring you cases of £200,000 or £300,000 without any advance of premium."

On the score of expense, however, the chief objection was to the broker's remuneration. He now received 5 per cent. brokerage on the original premium and 12 per cent. discount on the payment of balances. This 12 per cent. discount on balances was, of course, a variable, and sometimes a vanishing factor, as it depended on the claims brought into account. Nevertheless it was agreed by the witnesses for Lloyd's that the broker's total remuneration represented, on the average, nearly a quarter of the underwriter's gross profits, and this admission was seized on, in the Committee's report, as showing that there must be great difficulty in effecting insurances, and that marine insurance itself was uneconomical and a burden on trade. This was stoutly denied both by the brokers themselves and by the underwriters, who explained

Alleged
excessive
brokerage.

¹ Evidence of Thomas Gillespy, coal factor; John Cheape, Jun., Secretary to Friendly Insurance Society; J. G. Wilson, Secretary to London Union Society; James Forsyth, underwriter and broker. Cheape's Society had insured 82 or 83 ships in 1809, and Wilson's 100. Martin, p. 246, is incorrect in stating that the evidence relates to Scotland.

CHAP. XI that only the 5 per cent. brokerage represented the
 1810-1811 agency remuneration, the 12 per cent. discount being intended to recompense the brokers for the advances made by them in case of loss, and the risk they ran in guaranteeing the assured. Thomas Reid, certainly, did not think this too much for the "labour, the agitation of mind, the perpetual vexation" of a broker's business, and if Peter Warren, once a partner of Angerstein's, is to be believed, it enabled few brokers to retire with fortunes. "The utmost that I recollect do not live beyond this establishment; two maids and a manservant." When it was pointed out to him that this hardly applied to his late partner's mode of life, he retorted that Angerstein's fortune was made more as an underwriter than as a broker. It should be added that the underwriters who were questioned on the subject stated that from one-half to two-thirds of their business came to them through brokers, the remainder consisting of risks placed direct; but that when risks were placed direct, the brokers' 5 per cent. and 12 per cent. were allowed to the assured.

The Select
 Committee's
 Report and
 Marryat's
 analysis.

Having spent a month in taking evidence, the Select Committee proceeded to present a report, presumably drafted by Manning, which ignored that evidence altogether, except when it told in favour of the petitioners. Marryat, who criticised the report with immense vigour and acrimony, rather understated the case in saying:

"The writer of this Report has treated the evidence, which should have formed the basis of his observations, much in the same manner as the Edinburgh Reviewers frequently treat those productions which they profess to review. After giving the title page of the work, and the name of the author, they present their readers with a very clever Essay upon the same subject as that which the author in question undertakes to discuss; but take no more notice of him, or of his work, than if neither the one nor the other had ever existed."

He might have gone further; for parts of the report

were in direct conflict with the evidence. To say, for instance, that the superiority of companies "for facility, security, and cheapness, appears from the concurring testimonies of all the Merchants who have been examined," was flatly untrue. Nor was it candid to quote the witness who deposed to the formation of thirty-six companies at Hamburg, and ignore the evidence that thirty of those thirty-six had failed.

The reporter, however, preferred, in Marryat's words "instead of practical inferences from evidence, what he calls obvious deductions from general principles," as in the conclusion that, "from individuals being prevented from associating as in other trades, much inconvenience must infallibly result both to the insurer and insured, and the security of the latter must be lessened."

It is clear that what really weighed with the majority of the Committee was the growing Free Trade distrust of legislative restrictions on commerce. This was sound doctrine, though possibly premature in its application to marine insurance; but the inquiry was concerned with the reputation of Lloyd's as well as with economic theories, and the underwriters had reason to complain of the way in which the evidence in their favour was ignored. In discussing the brokers' remuneration, the amount of marine insurance carried on abroad, the desirability of underwriting in partnership, and the alleged difficulty of effecting winter insurances, the report merely repeated the accusations of the petitioners' witnesses, and suppressed even the admissions extorted from those witnesses by cross-examination. There are traces of prejudice, also, in a calculation of the total insurable value of ships and cargoes, which was subjected by Marryat to a destructive criticism, and strongly suggests manipulation of the figures, with the object of showing a large balance of property uninsured.

CHAP. XI
1810-1811

The Report
unfair to
Lloyd's.

CHAP. XI In accordance with the theoretical arguments put forward, the Report went on to recommend that leave should be given to bring in a Bill repealing the exclusive privileges of the two chartered companies, and that it should be left to the discretion of the petitioners whether they would proceed further with their claims to incorporation.

Repeal Bill
introduced.
1810.

Nothing more was heard of the Globe Insurance Company's petition; but the promoters of the new company took the hint in the report, and brought in a Bill, giving them no exclusive privileges, but repealing "so much of the Act of 6 Geo. I. as gives to certain companies the right of underwriting policies of Marine Insurance to the exclusion of all others."

To Lloyd's this seemed even worse than the grant of a new charter. The Special Committee drew an alarming picture of every Fire Office in the Kingdom setting up a Marine Branch, new companies springing up like mushrooms in every outport, and an orgy of speculation running like wildfire through the country. This picture was not, perhaps, quite so fantastic as it appears to-day. Commercial finance was still in a very rudimentary stage, and it is likely enough that a repeal of the restrictions on marine insurance, at the height of a great war, would have led to a fictitious boom, in which company promoters and stock-jobbers would have been the only gainers.

Lloyd's defeat
Repeal Bill.
1810.

Holding these views, the Special Committee prepared to fight the new Bill tooth and nail. Marryat's great speech of February 20th was printed and circulated to Members of Parliament, together with his caustic *Observations on the Report of the Committee*, and a "Counter-Report" drawn up by Marryat himself, and based on a very close analysis of the evidence, with the names of the witnesses cited in the margin to every statement. A petition against the Bill, praying that the Subscribers to Lloyd's might be heard at the Bar of

the House, was prepared and presented, together with a similar petition from the two Corporations. All was ready for the real trial of strength when, on the day appointed for the second reading, the supporters of the Bill declined to move, and it was dropped without discussion.

CHAP. XI
1810-1811

The fight, however, was only deferred. Presumably the promoters of the Bill required time to rally their forces after Marryat's formidable attack. At any rate, they returned to the charge in 1811, when the Bill was revived, and brought in by Manning, Alexander Baring, and Dr. Lushington. Again Lloyd's and the two Corporations petitioned against it, and on February 28th, 1811, they were heard by Counsel at the Bar. The debate which followed turned largely upon questions that have now only the most academic interest—whether the petitioners for the Bill ought rather to have addressed themselves to the King in Council, whether a judgment obtained against the secretary of a company could be enforced against the private estates of the shareholders, and the like. Marryat, as usual, brought the issue back to the old question of monopoly. The ultimate object of the Bill was:

Repeal Bill
revived.
1811.

"The establishment of a great combination to do away with every other mode of insurance. At present there was a monopoly *de jure*, but not *de facto*; if this measure succeeded, there would be a monopoly *de facto*, though not *de jure*."

Instead of 1,500 individuals there might be twenty companies, whose secretaries would settle the rates of premiums between them.

Whether the legalistic argument or Marryat's appeal to the Englishman's instinctive dread of monopolies was the more effective, we have no means of knowing. At any rate, the division on the motion to commit the Bill found 26 Members to say "No" against 25 who said "Yea." "So it passed in the Negative" by the narrowest possible margin.

Lloyd's again
defeat repeal.
1811.

To-day, the whole controversy seems antiquated and

CHAP. XI unreal; but there is little doubt that the repeal of the 1810-1811 Companies' monopoly in 1811 would have been a bad thing, bad for Lloyd's and bad for the nation. Whatever they protested, the promoters of the Bill aimed at the ruin of Lloyd's, and their connections were so powerful that they must have drawn away much business. It was not, as suggested by a pamphleteer, a desire for directorships, with "a concomitant patronage, and the agreeable lounge of a public Board Room"¹ that induced a number of the Subscribers to apply for shares in the new company; it was rather the not wholly unfounded fear of losing their livelihood. Lloyd's was far less firmly knit than it was thirteen years later, when the blow actually fell, and the middle of a great war, when every month brought news of some fresh menace to British commerce, and premiums fluctuated like a fever chart, was not a time when the basis of insurance could be threatened without danger to the community.

The real issue.

"I beg leave to observe," said Warren in his evidence before the Select Committee, "it is well worth the serious consideration of the Committee how materially it might affect the commercial interests of this country were the credit of Lloyd's to be shaken in the opinion of foreigners, which to the present time has been looked up to by the commercial world as an inexhaustible source of security and universal mercantile information."

On the very day that the decisive vote was taken in the House, the *Times* published a letter from "A True Born Englishman," urging the same point with greater passion, if not with equal weight:

"Shall that 'cloud cap't tower' Lloyd's, prodigal in loyalty, and extensively munificent in charity, be shaken to its very base; the subscribers and their families ruined; and the community at large deprived of its extending and necessary influence, to gratify a few interested and ambitious men? God forbid."

¹ *Cursory Observations upon the Proposed Application to the Legislature of these Kingdoms for the Grant of a Charter to effect Marine Insurances*, Anon., 1810.

CHAPTER XII.

CONFLICT AND REORGANISATION.

1811.

THE din of battle over the Marine Insurance Bill had hardly died away when Lloyd's was called upon to face a new crisis, arising, this time, from within. The inquiry of 1810 had vindicated conclusively the fair fame of Lloyd's; both its reputation and its influence stood higher than ever before. Nevertheless the organisation of the Society was still rudimentary, and although the reforms of 1800 made some provision for testing the qualifications of candidates for membership, undesirables continued to slip through. A much more systematic and far-reaching reorganisation was required to place the Society on a solid foundation, and ensure its continued prosperity after the great war boom had passed away. This was actually accomplished in 1811, but not without arousing passions that shook the whole fabric of Lloyd's.

It was, as usual, the emergence of an immediate, practical issue that led the Subscribers, almost against their will, to the consideration of administrative reforms. It has already been mentioned that, among the correspondents with whom Bennett had entered into relations, was the Secretary of the Admiral on the Baltic Station. This gentleman, Mr. Samuel Champion, with the Admiral's approval, sent in regular reports of naval and political developments, as well as of shipping movements in the Baltic, and in some of his letters, he expressed himself with great freedom as regards political prospects and the action of the Baltic Powers.

Considering Champion's correspondence with Bennett as "of a private nature," except for convoy lists

Baltic news
from Admiral's
Secretary.
1809-11.

CHAP. XII and information relating thereto, the Committee "did
 1811 not think themselves justified in committing Mr. Cham-
 pion by a literal publication of his letters"; the more
 so as, until 1811, they were not aware that the cor-
 respondence, opened in 1809, had been formally sanc-
 tioned by the Admiral. Instead, therefore, of posting
 the original letters or copies thereof in the Subscribers'
 Rooms, they confined themselves to extracting such
 information as they considered material for the pur-
 pose of assisting the underwriters to form their judg-
 ment on Baltic risks.

Heavy claims
 arising from
 Baltic seizures.
 1810.

It is unlikely that this course would ever have been
 called in question but for the heavy claims arising in
 1810 from the seizure of a large number of ships in
 Swedish, Prussian, and other Baltic ports. The blow
 was one of the worst that Lloyd's had suffered during
 the war, and the underwriters sustained it in a way
 that did them honour. The claims were not only
 numerous and heavy; they were, from the nature of
 the case, exceedingly difficult to prove. Two meet-
 ings of those chiefly interested were accordingly called
 and a committee was appointed to investigate claims,
 call for documents, evidence, and information, and re-
 port to the underwriters; all present engaging to settle
 claims in accordance with the Committee's report.
 At these meetings a strong desire was expressed that
 the underwriters' decision should be entered on the
 minutes of Lloyd's, and made known to all merchants
 and others interested in the Baltic trade, in order to
 show that the underwriters were always prepared to act
 promptly and fairly in the settlement of claims, with-
 out standing on the letter of the law. In this desire
 the House Committee fully concurred. They accord-
 ingly printed the proceedings and called a General
 Meeting of the Subscribers, at which all present en-
 gaged themselves, so far as they were interested in the
 matter, to abide by the decision of the Baltic Com-

mittee "upon all Policies mutually referred to them." CHAP. XII
 From this point the matter passed into the hands of 1811
 the Baltic Committee, whose proceedings have not
 been preserved; but the repercussion of the Baltic
 losses on the affairs of Lloyd's itself was to have far-
 reaching consequences.¹

The first ordinary General Meeting of the year 1811
 was held on March 29th. The report and accounts were
 approved, and a resolution condemning the revival of
 gambling policies on missing ships, or on events, was
 passed with little or no opposition. The meeting was
 about to disperse, when Mr. Thomas Rowcroft, Chair-
 man of the Baltic Committee, rose and read a number
 of extracts from Champion's letters which had come
 into his hands, relating to the extension of French
 authority on the south coast of the Baltic, and ob-
 served that these extracts had not been communicated
 to the Subscribers at large.

Committee
 accused of
 suppressing
 intelligence.
 Mar., 1811.

Rowcroft's speech fell on the quietude of the meet-
 ing like a bombshell. Mr. Jasper Vaux, a member of
 the Committee, at once replied that all material facts
 had been made known; but his explanation was not re-
 garded as satisfactory, and after a discussion marked by
 "some expressions of warmth and asperity," the meeting
 was adjourned, on the understanding that a Committee
 of Subscribers would be appointed, for the purpose of
 going into the matter with the House Committee.²

At the adjourned meeting, on April 5th, a Committee
 of thirteen Subscribers was appointed:

Committee of
 investigation
 appointed.
 April, 1811.

"To examine into the manner in which information has hitherto been
 conveyed to the Members of this House at large; and particularly with
 reference to that material information received last year from the
 Secretary of the Admiral upon the Baltic Station."

Rowcroft himself expressed his confidence that "the
 House Committee would fully exculpate themselves

¹ It is interesting to note that the Admiralty authorised Admiral Saumarez himself to give
 information to the Baltic Committee. See letter from Rowcroft dated 17 December,
 1810, and minute thereon, in R.O. bundle Ad 1/3993.

² *Morning Chronicle*, 30 March, 1811.

CHAP. XII from the charges so generally intimated against them,"
 1811 but the general feeling was significantly reflected in a vote of thanks accorded him for having brought up the question.¹

The Committee of Thirteen lost no time in starting their investigation, and they received all possible assistance from the House Committee, who placed the Minute Book and all other relevant papers at their service, and deputed Vaux to go through Champion's correspondence in detail with George Wood, the Chairman of the investigators. At this conference Wood expressed himself as satisfied with the explanations offered; but it would seem that he was satisfied rather as to the good faith of the House Committee than as to the soundness of their judgment.

Committee's
control of
intelligence.

The Report eventually presented by the Thirteen began with a general account of the intelligence system as it existed in 1810. The chief point brought out by the enquiry was that, while the ordinary intelligence—port letters, shipping lists, newspapers, and the like—passed through the hands of the Masters, the communications from Bennett's private correspondents, and letters from the Admiralty, were under the direct control of the Secretary himself and the House Committee, who decided what should be put on the board or entered in the books. Champion's letters fell, of course, into the second category, and both the Masters gave evidence that they considered them as quite outside their scope.

The investigation seems to have been fairly and temperately conducted. The Thirteen freely acknowledged that every possible facility had been accorded them, and their report pays a high tribute both to the efficiency with which the ordinary intelligence system was handled by the Masters, and to the great services rendered by Bennett in opening up new channels of com-

¹ *Star*, 6 April, 1811.

munication. They were of opinion, however, that there were no grounds for considering Champion's letters as private, so far as the Subscribers were concerned, and that they ought to have been communicated *in extenso*. CHAP. XII
1811

Champion himself was in England at the time, and was interviewed both by the House Committee and the Committee of Thirteen. His attitude is not very clear—no doubt he was trying to keep the peace—but it seems that he would readily have acquiesced in a more extensive publication of his letters in the Subscribers' Rooms, though he was grateful for the suppression of certain phrases which might have done him harm if they had received wider publicity.

The question of real importance was whether any material facts had been suppressed. The best available evidence on this question is provided by a statement, prepared by the House Committee, showing extracts from Champion's letters, not posted in the Baltic Convoy Book, with a parallel column of Baltic intelligence made public from other sources. From this statement it appears that the suppressed passages fell mainly under three heads—news which had already appeared in the public newspapers or at Lloyd's, intelligence of a purely political character, and free-spoken comments by Champion. On an impartial review of the evidence, the House Committee seem to have been justified in claiming that nothing had been suppressed which would have seriously affected the opinion of Baltic risks formed by the underwriters from the published extracts and other information. Character of suppressed passages.

The Subscribers, however, were not in a mood to be impartial. They were smarting under heavy losses, and were only too ready to attribute those losses to the negligence of the Committee, rather than to an error in judgment on their own part, or to sheer bad fortune. The General Meeting of May 23rd, 1811, at which the Report of the Committee of Thirteen was presented,

CHAP. XII was a stormy affair, and took its cue from a Mr. Alexander Anderson, who observed that "an entire new plan of arrangement for the well conducting of the affairs at Lloyd's was necessary." On his motion, a Committee of Twenty-one Subscribers was appointed "To consider and recommend such Regulations, as in their opinion will tend to the future good management of the Concerns of this House." This, in itself, was a step in the right direction. Apart altogether from the immediate issue as to Champion's letters, the report of the Committee of Thirteen showed clearly that the volume and complexity of the official business at Lloyd's required more definite and detailed regulation than the existing system provided.

Committee
on future
organisation
appointed.
May, 1811.

Vote of censure
on Committee.
May, 1811.

There were many Subscribers, however, who were even more anxious to show their resentment against the Committee than to provide for the future management of Lloyd's, and it was moved by Mr. W. M. S. Hathaway:

"That the Committee for managing the affairs of this House, having received in the year 1810, from the Secretary of the Admiral commanding in the Baltic, various Letters containing intelligence of the utmost importance to the Subscribers to this House, which Letters they did not publicly communicate, have thereby in this instance neglected the Interests of this House."

This was hard measure to deal out to men who had been guilty, at worst, of an error of judgment, and most of whom had played a conspicuous part in directing the affairs of Lloyd's throughout the most critical years of its existence.¹ Rowcroft himself spoke strongly against the vote of censure, as did Joseph Marryat, whose activity in opposing repeal had established him as the foremost of the new generation in the Rooms. The Subscribers, however, were in an ugly mood; the motion was passed, and it must have been a very bitter

¹ The members of the Committee with the dates of their appointment were as follows:—William Bell (1794), J. B. Bourdieu (1794), Robt. Christie (1796), Wm. Whitmore (1796), Capel Cure (1797), Geo. Shedden (1803), Jasper Vaux (1803), John Staniforth (1807), Jas. Inglis (1809), and Joseph Bond (1810).

moment for William Bell, Chairman of the Committee of Lloyd's, when he had to declare it carried on a show of hands.¹ CHAP. XII
1811

The meeting then proceeded to nominate forty-two gentlemen, from whom the Committee of Twenty-one was to be elected by ballot. To the credit of their sense of justice, the Subscribers began by nominating the House Committee *en bloc*; but Bell at once intervened to say that the Committee refused to take any part in the business, and intended to resign their office. Eventually a list was made out comprising ten members of the Committee of Thirteen—the other three refused to serve—eight members of the Baltic Committee, and twenty-four others. The meeting then broke up, with the usual vote of thanks to Bell for “his able and impartial conduct in the Chair,” which had, certainly, been severely tested.

Naturally enough, the House Committee were deeply wounded by these proceedings, and at their next meeting they passed a rather pathetic resolution:

Resignation
of House
Committee.

“That the charge of ‘neglect’ made in the Resolution passed at the General Meeting held on the 23rd inst., is unfounded, unjust, and an ungracious return for the services and attention voluntarily given by the Committee, to the concerns of this House.”

They felt it was no good going on in this atmosphere of distrust, and resolved that, “From and after the appointment of a new Committee, the labours of this Committee do cease.”

They were not, however, thinking only of themselves. They seem to have feared that Bennett's fortunes might be unfavourably affected by his connection with the original subject matter of the quarrel, and they added to their resolutions, which were printed and circulated among the Subscribers, a warm tribute to his conduct: “Both before, and since his appointment of Secretary, he has been uniformly active, honest, and

Bennett
commended.

¹ Some details of this meeting are taken from the *Times*, 24 May, 1811.

CHAP. XII diligent . . . ever zealous for the Interests of this
1811 House."

Vote of
censure
rescinded,
June, 1811.

The Committee of Twenty-one was duly appointed—though only 234 Subscribers took the trouble to ballot. Marryat came out at the head of the poll, and of those who had been active in the recent proceedings, Rowcroft, Hathaway, and Anderson were all elected. Their appointment was followed by a requisition for a General Meeting to confirm the resolutions passed on May 23rd. No member of the Committee would take the chair, which was filled by Mr. Benjamin Shaw; but the proceedings at the meeting held on June 6th must have brought them some comfort, for Marryat "after a speech of considerable length," as was usual with that able but somewhat long-winded controversialist, moved:

"That the proceedings of the last General Meeting be confirmed with the exception of the Vote of Censure passed on the Committee for conducting the affairs of this House,"

and despite strong opposition, the leader of the reform party carried his amendment by 127 votes to 96.¹

Report of
Organisation
Committee.

The Twenty-one now got to work in earnest. They made extracts from the minutes of Committee and General Meetings, took evidence from the House Committee and the Masters, and finally produced a very full report, to which they appended the draft of a proposed set of Rules and Regulations.

The report itself bears clear traces of Marryat's draftsmanship. It begins with an historical sketch showing "how little had hitherto been done as to the establishment of any regular system for the management of the affairs at Lloyd's." The great weakness lay in the lack of any clear regulations defining the functions and responsibilities of the Committee, or by which their conduct could be guided:

"It proved that the Subscribers, convened at General Meetings, have, on various occasions, exercised a supreme authority; that they have

¹ For Marryat's part in the proceedings see *Times* of 7 June, 1811.

controuled the House Committee, even in those points which appear to have been most immediately delegated to their superintendence; that they have regulated the appointment of the Masters, the apportionment of their emoluments and even the duties and attendance of the Waiters; examples of which are to be found in the proceedings of the General Meetings that led to the establishment of New Lloyd's, and in the more recent proceedings of the General Meetings of 1796 and 1800. These occasional interferences, however, appear to have been the impulse of the moment, and to have led to no regular system of Rules and Regulations for the future government of the House Committee, who have been again left to a discretionary exercise of power, till some of the Subscribers thinking that they had exceeded its just limits, again restrained or controuled them in the particular instance, by taking the sense of a General Meeting; and then left them to go on as before."

CHAP. XII
1811

Admittedly the House Committee had effected many improvements, especially by the appointment of a Secretary and the development of the shipping intelligence; but they had been endeavouring to build on old foundations, and a thorough overhaul was now required. There were four points, in particular, to which the Twenty-one had devoted their attention.

In the first place, they were of opinion that there was still undue laxity in the admission of Subscribers. The regulations of August, 1800, had laid down the qualifications for membership, and provided that new Subscribers should be recommended in writing. The House Committee had not considered themselves justified in refusing to elect anyone so recommended; but recommendations were sometimes improperly given, and it was necessary to provide for a more careful enquiry before the election of a candidate.

Laxity in
election of
Subscribers.

In the second place, while the duties of the Masters as regards keeping the books of arrivals and losses, copying the port letters, and otherwise dealing with the daily information received, were excellently performed, it was desirable that the general supervision of the intelligence system should be in the hands of "men of judgment and experience, and who possess the confidence of the underwriters." For this purpose

Control of
intelligence.

CHAP. XII it should be undertaken by the Committee in rotation,
 1811 and as this would involve "an early and constant attendance at Lloyd's which was never expected of any former House Committee, and which must necessarily much interfere with their other avocations," the Report proposed that the Committee should be elected for a term of years only, and should be paid for their services.

Proposal for
 payment of
 Committee.

Defective
 attendance
 in Rooms.

Thirdly, numerous complaints had been received as to the want of proper attendance in the Subscribers' Rooms. This called for closer supervision by the Committee and a return to the system of three Masters. In consideration of the "long and meritorious services" of John Bennett, Jr., the Committee of Twenty-one recommended him for the Junior Mastership.

Finally—and this was a proposal with far-reaching consequences—they considered that the new Committee should:

Proposal for
 appointment
 of Agents.

"be empowered to appoint Agents, to act for the benefit of the Underwriters, wherever they may think proper; and that no Powers of Attorney be in future granted by individual Underwriters."

It was assumed that "the consequence derived from this appointment," together with the "emoluments that may occasionally attend it," would induce merchants generally to seek the post of Agent, and undertake, in return for their appointment, to supply regular shipping intelligence.

Suggested
 Board for
 settlement
 of Averages.

Certain other matters had been put forward for their consideration in letters from Subscribers, the most important of which was the suggestion of a Board for the settlement of Averages. This proposal they rejected, observing that "the great difficulty in settling averages appears to arise either from the want of skill or industry in the broker to state, or in the underwriter to examine them," and that the proper remedy was for brokers and underwriters alike to learn their business.

Throughout their investigation the Committee of Twenty-one had treated the House Committee with

Lloyds

THIS is to certify to all whom it may concern that the **COMMITTEE** for managing the affairs of **LLOYDS** have this day appointed

Mr Joshua Kentish,

to act as **AGENT** at the

Island of Antigua.

in conformity to the powers vested in them by the Resolutions of the Subscribers

London the 11th of December 1811.

By order of the Committee

John Bennett for Secy

N^o 49

For Mr Kentish

Chairman

courtesy, and although no members of the latter body would stand for re-election, Mr. Vaux consented to take the chair at three General Meetings, on July 19th and 30th, and August 15th, when the Report was considered, and a series of By-Laws adopted, in substantial accordance with the draft in the Report. The only proposal that failed to find acceptance was that for payment of £200 a year to each member of the Committee. The resolutions adding to the Committee's duties and responsibilities met with little opposition; but the proposal to pay them for their services was defeated on a ballot by the big majority of 473 votes to 103. It would appear that the underwriters, as a body, took the view of "An Old Subscriber," who declared, in a letter to the *Times*, that the Committee should be composed of men to whom £200 a year was not a consideration.¹

CHAP. XII

1811

Proposal for
paid Committee
rejected.

Many of the By-Laws were based on the resolutions of 1796 and 1800, or on existing practice, and need no mention here. The more important new provisions were briefly as follows:

By-Laws
of 1811.

Subscribers.—"None but Merchants, Bankers, Traders, Underwriters or Insurance Brokers," were to be admissible as Subscribers. Election was to be by ballot of the Committee, the names of candidates were to be posted a week before the ballot, and the Committee were empowered to send for and question those who had signed the recommendations. The Subscription for both Subscribers and Substitutes was increased to £25, and Substitutes, as well as Subscribers, were to pay the Annual Subscription of four guineas. These Annual Subscriptions of Substitutes, however, instead of going to the Masters and waiters, were to be set aside as a reserve fund, for any future increase of rent or extension of premises.

Subscribers
and Substitutes.

Committee.—The Committee should consist of twelve

Committee.

¹ *Times*, 2 August, 1811.

CHAP. XII Members, of whom three should retire by rotation
1811 every year, being eligible for re-election a year later.

The Committee were to choose from among themselves a Chairman and three other members as a "Committee of Treasury," to be trustees of the funds.

"Committee
of Corres-
pondence."

Two Members of the Committee were to attend daily as a "Committee of Correspondence," to examine all intelligence and arrange for its distribution, and to supervise all official correspondence. This duty was to be taken by the members in monthly rotation. A meeting of the Committee was to be held every month, and special meetings might be called either by the Chairman or, in his absence, by the Committee of Correspondence. A Report was to be presented to the Subscribers twice a year.

Agencies to
be created.

The Committee were specifically empowered "to indemnify parties who prosecute for crimes, committed with intent to defraud the Subscribers," and to appoint Agents to act for the benefit of the Subscribers in any port.

Secretary,
Masters, and
Waiters.

Secretary.—The appointment of John Bennett, Jr., as Secretary to the Committee was confirmed, and, for the first time, he was allotted a regular salary of £200 a year.

Masters and Waiters.—The system of three Masters was to be restored, the profits of the House being divided among them in the proportion of 3:2:1. John Bennett, Junior, was to be Third Master. The Committee were to see that the Masters provided an adequate number of waiters as doorkeepers and attendants.

General
Meetings.

General Meetings.—All resolutions making grants from the funds, or altering any rule or regulation of the House, were to be confirmed at a subsequent meeting, before they were acted on.

The coping stone of the whole edifice was a measure which is mentioned neither in the By-Laws nor in the Report of the Committee of Twenty-one, but which

may reasonably be attributed to Marryat's initiative. CHAP. XII
 By a resolution passed on July 30th, and confirmed on 1811
 August 15th, it was decided that a Trust Deed should
 be prepared and signed by all Subscribers, formally
 vesting the corporate funds in the Committee of Treas-
 ury, and binding the Subscribers individually to obey
 all rules and regulations hitherto made or thereafter to
 be made in accordance with the provisions of the By-
 Laws. It was from this deed that the By-Laws de-
 rived their legal sanction, and from this date until the
 passing of the Act of Incorporation in 1871, the Trust
 Deed was the one formal bond of association between
 the Subscribers to Lloyd's.

Trust Deed
 to be signed
 by Subscribers.

Apart from the resolute refusal of the Subscribers to admit the principle of a paid Committee, the proceedings at these General Meetings seem to have been surprisingly harmonious. The irrepressible Mr. Hathaway, who must have been hard hit by the Baltic seizures, did indeed object to the resolution appointing Bennett as Third Master, but on a vote being taken, "Mr. H. stood alone in the minority."¹ His pertinacity in opposition was not, apparently, very popular, for although he succeeded in obtaining election to the new Committee, his name stood a long way down the list.

Marryat, curiously enough, failed to head the poll, being two votes behind Mr. Horatio Claggett (454). Rowcroft, the only true begetter of the crisis, and Benjamin Shaw, a future Chairman of Lloyd's, were both among the successful candidates. Angerstein, although put in nomination, had declined to stand, and it may be something more than a coincidence that in August, 1811, he quitted business and retired from public life.² He was now seventy-six years old, but he showed no signs of failing powers, and his decision may have been due, in part at least, to disgust at the

New Committee:
 Angerstein de-
 clines to stand.

¹ *Times*, 31 July, 1811.

² *Farington Diary*, VII, 36; *Annual Biography and Obituary*, for 1824.

CHAP. XII treatment of his old colleagues, and unwillingness to
 1811 play a subordinate part under a new régime.

The reorganisation of 1811 marks, in truth, the passage from the heroic to the constitutional age of Lloyd's. During the period of transition from a mere business coffee-house to a great public institution, the personalities of men like Angerstein and Brook Watson were far more important than any code of By-Laws. A point had been reached, however, at which some more formal organisation was required, to deal adequately with the great volume of current business, to hold together the loose aggregation of merchants, underwriters, and brokers, who composed the Society, and to ensure the smooth running of the machinery of Lloyd's when the great pioneers of its development should have passed from the scene.

CHAPTER XIII.

THE NEW SYSTEM AT WORK.

1811-1824.

UNDER the confident leadership of Joseph Marryat, the new Committee set to work with an almost overpowering sense of the importance of their task, accompanied by a profound conviction of the excellence of their own intentions. They wished, as Marryat informed a General Meeting on March 18th, 1812, not without an oblique reference to the dissensions of the preceding year, "to act rather with the knowledge, and sanction of the Subscribers, than upon their own responsibility"; but within these limitations they found ample scope for activity and initiative. Regular weekly meetings were instituted; Sub-Committees were appointed for the detailed consideration of outstanding questions, and Marryat was able to claim without fear of contradiction that:

New Committee's
activities and
self-approval.

"Your Committee may err in judgment, but they are not deficient in attention: they feel the importance of the duty they have undertaken, and I can safely say are actuated by an honest ambition so to discharge it, as to promote the interests, and merit the approbation of the Subscribers to this House."

William Bell and his colleagues might have said as much; but it may be granted that the authority derived by the Committee from the By-Laws of 1811 enabled the new brooms to sweep, in some directions, cleaner than the old. As an outward and visible sign of their now clearly defined status, they procured, in 1813, an official seal, from a design by Mr. MacQuin of the Herald's College.

The basis of their authority was the Trust Deed which all Subscribers were now required to sign, in order to qualify for active membership of Lloyd's. The Society's solicitors had been instructed "to put into it as little

CHAP. XIII Law and as much plain English as possible; that it
 1811-1824 might be both concise and intelligible," and on the whole they complied very fairly with this heretical demand.¹ With great wisdom the Committee submitted the draft, before finally approving it, to several members of the late Committee, as well as other leading
 Trust Deed
 signed by
 Subscribers. Subscribers, and by the end of 1813, all but 400 out of over 2,000 Subscribers had qualified by signing the deed. About half the defaulters qualified during the next two years, and most of the remainder were probably men who, like Angerstein, had dropped out of active business in the Rooms. Of the more prominent members of the old Committee, Bell, Shedden, and Bourdieu qualified at once, and Vaux, Staniforth, and Capel Cure at a later date.

The reign of
 Marryat.

It is to the credit of the deposed leaders of Lloyd's that, so far from any attempt to create a schism or hamper the working of the new régime, they were still ready to co-operate in furthering the interests of the Society. By 1814 Vaux was so far reconciled as to consent to serve on a Special Committee appointed, jointly with the Royal Exchange Assurance, to negotiate as to British property taken into French ports by American privateers after Preliminaries of Peace had been signed with France, and it will be seen later that Shedden was as active in 1824 as in 1810 in defence of the *de facto* monopoly enjoyed by Lloyd's under the Act of 1720. None of the Old Brigade, however, could be induced to stand in nomination for the House Committee, over which Marryat reigned supreme, being re-elected as Chairman year after year, with automatic regularity.

The House Committee, within a few years of the re-organisation, became a paid body. The burden actually imposed on its members under the reformed constitution proved even heavier than had been antici-

¹ See Appendix "B."

pated, with the result that, in December, 1815, no candidates came forward to fill the vacancies caused by members retiring in rotation. It became evident that the reluctance of Subscribers to serve could be overcome only by pecuniary arguments, and at a series of General Meetings held in that month and the first three months of 1816, provision was made, by additions to the By-Laws, for a modest incentive to be offered.

CHAP. XIII
1811-1824

Under the new arrangements, meetings of the Committee were to be held not less frequently than once a fortnight or more often than once a week, and every Committee-man who was in his place by 11.15 and remained throughout the meeting, received a guinea for each attendance. In place of the old "Committee of Correspondence," one member was to attend daily at 11 a.m., as "Managing Member for Correspondence," and receive a guinea for each day of his period of service. If he were not present by 11.15, his duties and his guinea passed to the Senior Committee-man present. At the same time, the number of members was reduced from twelve to nine, one third to retire annually; and to prevent any repetition of the deadlock of 1815, it was provided that, if there should be an insufficient number of candidates to fill the vacancies, the retiring members should remain in office for another year.

Payment of
Committee.
1816.

Even now, the opposition to the principle of a paid Committee was very strong and the crucial resolutions were confirmed on ballot by a majority of only four to three—438 votes to 328. It was probably only Marryat's immense influence that ensured adoption of the proposal.

As in the old days before 1811, much of the Committee's attention was taken up by matters of little historical interest, but of great importance to the Subscribers of the time. By throwing the Lobby into the

CHAP. XIII Subscribers' Room, seats were found, in 1812, for fifty
 1811-1824 or sixty additional underwriters; an old Committee Room was turned into a Lobby, and a new Committee Room and Reading Room were arranged for, at some sacrifice of the accommodation afforded to the public in the Coffee Room, which was now frequented mainly by Shipmasters and persons interested in the sale of ships, and had already begun to be called the Captains' Room. A new system of ventilation was substituted for the old, which was condemned as both defective and dangerous:

"Defective, as the admission of fresh air was only partial; and dangerous, as it was admitted through the windows, which exposed those persons who sat within the current to much hazard."

This was neither the first time nor the last that the question of ventilation harassed the Committee of Lloyd's.

Failure of
 Bankers.
 1811.

Despite heavy repair bills—for the Royal Exchange was an old building and the woodwork infested with dry-rot—the financial position remained strong for many years after 1811, but almost immediately after the appointment of the new Committee, the Subscribers received a shock through the failure of their Bankers, Messrs. Boldero, Lushington & Co. The balance at the time was over £2,500, of which about £1,000 was subsequently recovered in dividends. A new account was at once opened with the Honble.

New Bankers
 give security
 and also fail.

Simon Fraser & Co., and it is an interesting commentary both on their anxiety to obtain the business of Lloyd's, and on the state of banking at the time, that the Committee were able to insist on their new bankers transferring £5,000 Consols into a trust account, as security for the current balance. The precaution was justified; for in 1826, the new bankers also suspended payment, and only the security of the trust account saved Lloyd's from another heavy loss. After this unfortunate experience, it is not surprising that the Committee decided to transfer their business to the Bank of England.

The Committee's activities, however, extended far beyond the spheres of accommodation and finance. The most important task that lay before Marryat and his colleagues on their election, was the establishment of the Agency System authorised by the By-Laws of 1811. Almost their first step was to put up a notice, asking for the names of persons holding powers of attorney from underwriters, with a view to their consideration as candidates for agencies, and on November 13th, 1811, the appointment of the first twenty Lloyd's Agents was formally approved. Of these appointments the most interesting was that at Falmouth, for the Agent there was one of the original partners in the firm of Messrs. William Broad & Sons, by whom it is held to-day. The full development of the system, however, was hindered by the war, which was still raging, and by which all the activities of the Committee, as of their predecessors, were still overshadowed.

CHAP. XIII
1811-1824

The earliest
Lloyd's Agents
appointed.
1811.

When they took office, the chief outstanding question in connection with war risks was that of salvage on recaptured vessels. This, as already mentioned, was brought to a triumphant conclusion in 1813;¹ but a large part of the credit must be given to the old Committee, who had loyally continued their efforts for its solution all through the interregnum of 1811. In 1812, however, the outbreak of war with the United States brought a new crop of anxieties, and these were intensified in 1814, after the conclusion of peace with France; for the convoy regulations were then relaxed, and licenses "to run" were freely granted, even in the West Indian and North American trades. This had the effect of yielding a rich harvest to American sloops and privateers cruising in the Chops of the Channel, at the junction of the long distance trade routes, and the Committee, who held staunchly to the faith that "efficient protection can only be given to British

Convoys in the
American War.
1811-15.

¹ See p. 238 *supra*.

CHAP. XIII Commerce, by efficient, frequent, and regular convoys,"
 1811-1824 were loud in their protests. They admitted that a return to universal convoy would cramp and postpone the recovery of British trade, but they pleaded for at least a partial revival of the old system, and their representations appear to have been effective. They were able, at any rate, to congratulate themselves on a "diligent and laborious discharge of the trust reposed in them." Even after the signing of Preliminaries of Peace, they continued to urge the provision of escort for the West Indian trade pending final ratification, and they had a finger in the peace negotiations themselves, asking that a shorter period should be fixed for the termination of hostilities at sea than in the French treaty, as otherwise American privateers could sail after ratification and yet make good prize in certain latitudes.

Quarrel
 with the
 Admiralty.
 1822-3.

At times the new Committee's tone appears to have been a little too peremptory for the Admiralty's liking. Indeed, it is easy to understand Their Lordships' surprise at the cool observation that the Committee "would have been happy to have received a satisfactory statement of the Naval Forces near Dover, and Dungeness," on the occasion of a capture in 1813. So long as the war continued, relations between Lloyd's and the Admiralty remained reasonably cordial; but in 1822 a quarrel broke out for which the touchiness of Marryat and his colleagues was, at least in part, responsible. In reply to a report of certain captures by pirates in the West Indies, Croker, the Admiralty Secretary, requested two members of the Committee to call on him to discuss the matter. The Committee replied that their time was valuable, and that they were not accustomed to wait on the Secretary "at his individual request." In the correspondence that followed they intimated that they could not accept oral communications which might afterwards be repudiated,

and implied pretty clearly that they did not believe the Admiralty's statements as to dispositions in the West Indies. CHAP. XIII
1811-1824

This was rather too strong, and Croker was instructed to inform the Committee that Their Lordships saw in the letters "such marked disrespect to the Board of Admiralty, and so little confidence in their communications," that they must decline any further correspondence with Lloyd's. The Committee sent the whole correspondence to the *Times*, which had recently described Lloyd's as "the demi-official organ of public information" and now strongly supported their view as to the Admiralty's responsibility for the piracies; and Marryat persuaded a General Meeting to pass, with only three dissentients, a resolution approving the Committee's conduct; but on quiet reflection, there were probably a good many Subscribers who agreed with Messrs. Robert Dewar and David Carruthers, that the rejection of Croker's invitation was unreasonable.¹ Even Marryat may have felt misgivings. At any rate, after interviews with Canning and Lord Melville, he was able to announce, in March, 1823, that all misunderstandings were at an end and the old friendly relations with the Admiralty had been resumed.

This was just as well, for the need for naval protection had not vanished with the return of peace. The national risings of the years immediately following the Napoleonic Wars, and the internecine struggles of the new States themselves, were the pirates' opportunity. Under insurrectionary Governments exercising no settled authority, the transition from privateering to piracy was tempting and easy. The repressive measures adopted by *de jure* authorities were often enforced with little regard for the rights of neutral traders. In 1826-7 the activities of Greek pirates in the Levant compelled Lloyd's to seek and obtain, from a

Growth of
piracy.
1826-30.

¹ *Times*, 2 September, 25 October, 1822; *Morning Chronicle*, 31 October, 1822.

CHAP. XIII reconciled Admiralty, the provision of convoys for
 1811-1824 British shipping. From 1828 to 1830 privateers under the flags of Buenos Ayres, Brazil, and Colombia were plundering British ships, often without the least shadow of legal right, and sometimes in circumstances of extreme atrocity. Portuguese squadrons blockaded Oporto, Funchal, and Terceira; Spanish cruisers were seizing British ships for alleged breach of a blockade of Buenos Ayres. The Admiralty and the Foreign Office were kept busy, in response to continual appeals from Lloyd's, in providing naval protection, and obtaining compensation for illegal captures.

In the main, however, the Committee were able to devote themselves, from 1815 onwards, to the development of Lloyd's as an underwriters' institution. It has already been mentioned that the first Lloyd's Agents were appointed in November, 1811, and during the next few years, the establishment and extension of the Agency system was the chief preoccupation of the Committee.

Instructions to
 Lloyd's Agents.
 1811.

A comparison of the Instructions to Agents drawn up in 1811 with those issued to Lloyd's Agents to-day, shows how wide and firm were the foundations then laid, for in essentials, there has been little change. The Agent was to receive no salary from Lloyd's, deriving his remuneration from fees and commissions in respect of services rendered to interested parties. The appointment was not to constitute the Agent a representative of the underwriters on any particular policy, unless so instructed by them; but it was anticipated that such instructions would almost invariably be given.

It was the Agent's first duty to transmit to Lloyd's, promptly and fully, all shipping intelligence from his district, and the privilege of free inland postage was secured for all communications consisting merely of shipping lists and brief reports of casualties. In all

cases of shipwreck or distress the Agent was to offer his services to the Master, for assistance in drawing up protests, for the supply of anchors and cables, or in any other way. He was to take charge of salvaged merchandise or ships' materials and stores, to see that the proper officers were vigilant in preventing waste or plunder, and to attend the meetings of Commissioners of Salvage or other officials, in order to rebut exaggerated claims. In cases of average he was to see that, when the sale of damaged goods became necessary, no goods beyond those actually damaged were sold for the underwriters' account. When vessels were repaired, he was to take care that competent surveyors were appointed, and that damages actually incurred on the current voyage were carefully distinguished from those arising from previous accident or inherent defect, and so properly chargeable to the shipowner. He was to resist the attempts sometimes made by parties whose interests lay in abandonment, to obtain unnecessary condemnation of ships or goods. He was forbidden, by an early addition to the instructions, to accept abandonment on behalf of the underwriters, and was always to leave the parties to abandon on their own responsibility. He was to correspond, on all details of his proceedings, with the owners of the ship or goods, to whom he had to look for his charges and disbursements, reporting to the Committee only such matters as were of interest to the general body of underwriters.

It naturally took some time before the system settled down into smooth working order, and the Minute Books for the first few years after its institution are filled with the record of correspondence relating to the Agents' functions and responsibilities, the charges they might properly make, and the steps necessary to support them against interference by Admiralty Courts and foreign officials, jealous of their authority. As it gradually became known that a Lloyd's Agent's

CHAP. XIII certificate would greatly facilitate the settlement of
 1811-1824 claims, while its absence would result in their being closely and suspiciously scrutinised, not only at Lloyd's but by the Corporations and the underwriters at the outports, their services became more and more freely sought, and in September, 1817, when the system had been six years on trial, Marryat was able to report that it had proved of the utmost utility for obtaining intelligence, for detecting frauds, and for establishing a general superintendence over the underwriters' interests at home and abroad.

Separation
 of sound from
 damaged goods.

From the first, the Agents proved very successful, especially in Ireland, in procuring the reduction of exorbitant salvage claims; but the point to which the Committee attached most importance was the establishment of the practice of separating sound from damaged goods in cases of sea water damage at foreign ports. In many such ports it had hitherto been the custom to sell the entire contents of a package for the underwriters' account, although only a small part of it might have sustained damage; and the result of a forced sale on a bad market was often a heavy loss to the underwriters. Page after page in the Minute Books is devoted to the efforts made by Agents, at the Committee's instigation, to secure the abolition of this custom, and it was Marryat's proudest boast in 1817 that the separation and sale of damaged pieces only had been firmly established in the United States, and was usually adopted at Leghorn, Genoa, Trieste, Gibraltar, Hamburg, and the Dutch ports.

An incidental advantage of the system was that the Committee were able to obtain from the foreign Agents particulars of the forms of policy in use at all the principal ports abroad, and of the codes and customs by which insurance business was regulated. Particulars of these, together with memoranda as to the services of the Agents and any complaints against them, were en-

tered by the Secretary in a Register first instituted in 1816. CHAP. XIII
1811-1824

At the outset, the number of ports to which it was proposed to appoint Agents was only 140—58 in Great Britain and Ireland, and 82 abroad. The appointments were given mainly to persons who had previously acted as correspondents of Lloyd's, or held powers of attorney from underwriters in the Rooms; but after the peace with France, it was decided to give a preference, in appointing Agents to ex-enemy ports, to gentlemen appointed as British Consuls, when they were willing to undertake the Agency. As the benefits of the system became clear, the number of Agents rapidly rose, and by 1820, there were over a hundred at ports in the United Kingdom, and well over a hundred and fifty abroad. Ten years later the total had risen to over 300, of whom about two-thirds were at foreign ports. To-day there are about 1,500 Agents and Sub-Agents at home and abroad.

Rapid growth
in number of
Lloyd's Agents.
1811-30.

This rapid development of the Agency system was the outstanding achievement of the Marryat régime, and its benefits extended far beyond the circle of the Subscribers to Lloyd's. The two Corporations and the underwriters at the outports readily availed themselves of the Agents' services. The Liverpool Underwriters, indeed, who started an agency system of their own in 1815, made a point, wherever possible, of appointing men who were already acting as Lloyd's Agents, and forwarded, for consideration by the Committee of Lloyd's, the instructions to be sent them. To shipowners and merchants also, the system offered many valuable facilities; but its real importance cannot be gauged merely by a reference to sectional interests. The business of marine insurance is so intimately connected with the extension of seaborne trade and the safety of navigation that, in protecting the interests of its Members, Lloyd's has been led, almost insensibly,

Wide support
to the Agency
system.

CHAP. XIII into the assumption of national and international responsibilities, which have earned it the gratitude of men of all countries who "go down to the sea in ships and do business in the great waters."

Distress
Signals.
1812.

So early as December, 1812, a notice was posted in the Subscription and Captains' Rooms, and sent to the Jamaica Coffee House, urging Masters to report to Lloyd's Agents for the purpose of getting the latest intelligence and facilitating applications by the Agents for convoy; but even before that date the Agency system had become closely associated with the safety of the seafarer. Hitherto only one simple signal of distress at sea had been recognised; but during 1812, Mr. Brackenbury, Lloyd's Agent at Liverpool, put forward suggestions for a short code, enabling Masters whose ships were in danger, through shortage of hands or equipment, to make known their needs specifically. These signals were approved by the Elder Brethren of the Trinity House and the Admiralty, and in August, 1812, the Admiralty arranged for the Lieutenants of Signal Stations all round the Coast to repeat them for the information of Lloyd's Agents, in order that the latter might supply whatever was required.

Marryat's
Signals.
1817.

Five years later, the Shipowners' Society of London approved and adopted a more general code of signals for use by the Mercantile Marine, invented by Captain Frederick Marryat, R.N., the famous novelist of sea life, and son of the Chairman of Lloyd's, and this code also was distributed by the Committee to their Agents, and remained in use until the adoption of the International Code in 1857. Further, the Committee procured the adoption by the Trinity House of Baynes's system of night signals for Light Vessels, and in 1821, when it was extended to all vessels in distress at night, they circularised all Agents at home and abroad, instructing them to give the fullest possible publicity to the code.

The interest thus shown by Lloyd's in the safety of navigation, together with their grants to lifeboats, led to the Committee being inundated at this period with suggestions for signals, lighthouses, harbours, ships' lifeboats, emergency rudders, storm sails, and other matters of greater or less technical importance, but mostly rather outside the purview of Lloyd's. When there appeared to be anything in these suggestions, they were usually referred either to the Trinity House or to the Ship Owners' Society. Among those sent on to the latter body was a new lamp for use at sea, submitted to the Committee by that erratic genius, Lord Cochrane. Presentation copies of Charts and sailing directions were more warmly welcomed. The compilation of these aids to navigation was still in its infancy, and the Hydrographic Department of the Admiralty had not yet covered every sea in that wonderful series of "Pilots" which to-day forms a directory of the world's harbours and trade routes. Hence Lloyd's were glad, in 1813, to print at their own expense 500 copies of the "Observations on the Navigation of the River Plate" compiled by Captain Peter Heywood, R.N., of H.M.S. *Montague*, and in 1815 a free ticket of admission to the Rooms was voted to Captain James Horsburgh, Hydrographer to the East India Company, in acknowledgment of his book of Charts of the Eastern Seas and his Indian Sailing Directory.

CHAP. XIII
1811-1824

Charts and
inventions
sent to Lloyd's.

Throughout the whole of this period the Committee were busily occupied in watching Harbour, Pilotage, and other Bills, in the interest of the Underwriters, and were successful, in particular, in procuring important amendments in the General Salvage and Cinque Ports Salvage Acts of 1821. Even more important to the underwriters was the opposition offered by the Committee to a Bill brought forward by the Society of Shipowners in 1812-13 for the purpose of relieving owners from all liability beyond the value of the ship

Influence of
Lloyd's on
commercial
legislation.

CHAP. XIII and freight in all cases of collision or unseaworthiness.
1811-1824

So far as the Bill related to damage occasioned by collision without default of the owner, Lloyd's was content to stand aside; but the limitation of liability in cases of unseaworthiness was an intolerable heresy, and the Committee were able, first to induce the Shipowners' Society to drop the clause, and afterwards to frustrate an attempt to restore it during the passage of the Bill through the Commons.¹

Apart, however, from the development of the Agency system, the question that occupied most of the Committee's time and attention, during the first few years after the war, was that of the stamp duties on marine policies, and the objection of the Revenue Authorities to the practice of making insurances on slips. This was a legacy from earlier times.

Stamp duties
on marine
policies.

The first stamp duty on marine insurance was imposed during the French wars of William III, and amounted only to 6*d.* on each policy. Additional taxes were imposed, from time to time, generally as a measure of war taxation, and in 1794 the policy duty stood at 5*s.* on policies under £1,000, and 10*s.* on those over that amount, together with an "additional" duty of 1*s.*, imposed on all deeds. The lavish expenditure of the Revolutionary Wars soon made additional imposts necessary, and in 1795, all previous Acts were repealed, and the duty established at 1*s.* 3*d.* per cent. on the amount insured, when the rate of premium was less than 10*s.* per cent., and twice that amount on all other policies. In 1801, these rates were doubled, except for policies on vessels in the coasting trade. A duty of 5*s.* per cent. on the bulk of the foreign trade insurances was felt as a heavy burden, and the Committee took up the matter with the Chancellor of the Exchequer, with the result that the limit for the 2*s.* 6*d.* duty was raised, in 1802, to a premium of 20*s.* For the

A heavy
burden.

¹ 53 Geo. III, c. 159.

sake of clearness, the effect of these successive changes may be tabulated as follows:¹

CHAP. XIII
1811-1824

		<i>Duty per cent. on sum insured.</i>	
		<i>Foreign.</i>	<i>Coasting.</i>
1795	Premium 10/- per cent. or under	.. 1/3	1/3
	Premium over 10/- per cent. ..	.. 2/6	2/6
1801	Premium 10/- per cent. or under	.. 2/6	1/3
	Premium over 10/- per cent. ..	.. 5/-	2/6
1802	Premium 20/- per cent. or under	.. 2/6	1/3
	Premium over 20/- per cent. ..	.. 5/-	2/6

The concession made in 1802 was of little value in time of war, when few premiums were as low as one per cent., and several attempts were made by the Committee to obtain a reduction of the duties, especially on the shorter voyages. At one time they even proposed the total abolition of the tax, and its replacement by an Insurance Commutation Duty on all ships and goods entered or cleared in foreign trade. The duty itself, however, was, at the time, a less serious grievance than the interference of the Stamp Acts with the usages of Lloyd's.

From time immemorial the process of effecting marine insurances had been very much what it is to-day. The broker made out a "slip" setting forth the particulars of the risk he had to place, and each underwriter wrote down on the slip the share of the risk he was willing to accept, setting his initials against the amount. From this slip, when completed, a formal policy was made out, and signed by every underwriter concerned.

The use of
"slips."

With the imposition of a heavy stamp duty, there came a strong temptation to evade the tax, by treating the slip itself as the instrument of insurance, and omitting to make out a formal policy. So early as 1724, the Government found it necessary to safeguard the revenue by an Act prohibiting "giving Promissory Notes

Use of slips
prohibited.
1724.

¹ See Statutes 5 W. & M., c. 21; 9 & 10 Will. III, c. 25; 10 Anne, c. 26; 12 Anne, Stat. 2, c. 9; 3 Geo. I, c. 7; 30 Geo. II, c. 19; 5 Geo. III, c. 35; 16 Geo. III, c. 34; 17 Geo. III, c. 50; 35 Geo. III, c. 63; 41 Geo. III, c. 10; 42 Geo. III, c. 99; 44 Geo. III, c. 98 (schedule); 48 Geo. III, c. 149 (schedule).

CHAP. XIII instead of Policies," and providing that when any vessel was insured, a duly stamped policy must be made out within three days.¹ As the weight of taxation increased, the temptation to evade it became correspondingly stronger, and in the Act of 1795, very drastic steps were taken to guard against this tendency. By that Act a special Sea Policy Office was established for the sale of stamps and stamped policies, and it was provided that every contract of insurance should be deemed a policy, and should bear the requisite stamp, under a penalty of £500.

Heavy penalties
for use of slips.
1795.

The gravity of the position lay in the contention of the Stamp Commissioners that, under these clauses, the use of an unstamped slip, for which a stamped policy was afterwards substituted, was just as illegal, and subjected the parties to the same penalties, as a deliberate attempt to defraud the revenue. This struck at the whole practice of underwriting in the Rooms, and it was the more resented because the Act contained a special exception in favour of the two Corporations, allowing them to effect insurances on slips, provided a formal policy was drawn up within three office days.

Prosecution
for using
slips.
1807.

In practice, slips continued to be freely used until the year 1807, and so staunch a defender of Lloyd's as Joseph Marryat himself admitted that the revenue suffered considerably from evasion of the tax.² In 1807, however, the Commissioners of Stamps instituted a prosecution against Mr. Pearson Walton, a Subscriber, and intimated that they proposed to prosecute in future, whenever slips were used. This threat caused something like dismay at Lloyd's; for while the abuse of slips was confined to a minority, their use was essential to the transaction of insurance business. As the Committee pointed out in a Memorial to the Commissioners, brokers often received orders too late in the

¹ 11 Geo. I, c. 30.

² In his *Observations on the Report of the Committee*.

day for them to go to the Sea Policy Office and procure stamps during business hours. Moreover, they were often obliged to effect "conditional" insurances, when unable to place risks on the terms limited by their instructions, and were frequently unable to complete the order to the full amount proposed; whereas the law required policies to be made on forms already stamped to the full amount of the risk.

In response to the Committee's appeal, the Commissioners made certain concessions with regard to rebates and cancellation of spoiled policies which, it was hoped at first, would enable business to be carried on within the terms of the law, and in return, the Committee exerted themselves, successfully, to prevent any further attempts at evasion of the duty. According to Reid's evidence before the Select Committee of 1810, the use of slips for insurances had been entirely discontinued.

"It is understood the slips that are now presented are only till we can get the policy against the next morning; the underwriter does not write his name, but I put down his initials for him; the stamp is taken out the next day."

Even this was of doubtful legality, and there were obvious disadvantages in the underwriter not initialling the slip himself. Probably he often did. As Marryat wrote to the Chancellor of the Exchequer in 1812:

"This practice (of using slips) originated in and has been continued from the absolute necessity of the case; for an exact compliance with the Law as it now stands, is impossible."

All sorts of plans were proposed by which a practice "which the despatch of business has in some degree rendered necessary, may also be rendered legal"—"Licensed Books" or special policies for conditional insurances, stamped slips to be afterwards exchanged for policies, and the like. Finally, in 1814, an Act was passed, reciting that:

"A great proportion of the Business of Sea Insurances in *London* is transacted at *Lloyd's* in the *Royal Exchange*, and a practice hath prevailed there of using unstamped Slips of Paper for Contracts or Memo-

Attempts to
compromise
the question.

Use of stamped
slips legalised.
1814.

CHAP. XIII
1811-1824

randums of Insurance, previously to the Insurance being made by regular Stamped Policies, as the Law requires, for want of time to fill up such Policies in the first Instance,"

and providing for the sale to brokers of blank stamped slips to be subsequently exchanged for policies, various provisions being made for allowances in respect of spoiled stamps.¹

Act of 1814
unworkable
and ignored.

This was accepted by Lloyd's as a final solution; but the Act was not actually brought into operation until 1816, and then the issue of the stamped slips was found to be hedged about with regulations and restrictions which rendered the concession utterly worthless in practice. In despair, the Brokers prepared a Memorial to the Government, and a General Meeting of July 30th, 1817, instructed the Committee to co-operate to the utmost of their ability.

At this point, strangely enough, the question disappears entirely from the Minute Books. Yet it does not appear that any compromise was effected. Far into the nineteenth century the law continued to require that stamped slips should be used, but Manley Hopkins, writing in 1867, states explicitly:

"As far as my knowledge extends, no person has ever used or seen a slip so stamped. The Distributor of Stamps in the City of London knows of no such stamp, and cannot produce one on application."²

The probability is that some small concessions were made at the time, in the way of facilitating the obtaining of stamped slips, that these proved insufficient to render the system workable, and that the Government were compelled to recognise tacitly the impossibility of any further attempt to upset the ordinary methods of business at Lloyd's.

The high rate of policy duties, on the other hand, remained in full force, and the burden became a serious one after the return of peace, when the volume of in-

¹ 54 Geo. III, c. 144. The policy, of course, was to be stamped to the same amount as the slip, without further charge.

² *A Manual of Marine Insurance*, 1867, p. 435. The old prohibition of unstamped slips, with special exemption for the two Corporations, was specifically repeated in an Act of 1844, 7 & 8 Vict., c. 21.

surance business diminished, and foreign competition was intensified. From 1821 onwards the Committee were almost continuously engaged in attempts to obtain reduction of the duties; but it was long before their efforts met with any success. CHAP. XIII
1811-1824

That success, indeed, was not reached in the days of Joseph Marryat, who died in February, 1824, and was succeeded as Chairman by Benjamin Shaw, and as a member of the Committee by his son Joseph Marryat the younger. A man of harsher grain and narrower mind than John Julius Angerstein, Marryat, nevertheless, well deserved the tribute paid by the Subscribers in General Meeting to, "the important benefits derived from the long continued exertion of his powerful talents, in upholding the character of the Establishment, and promoting the interests of the Subscribers." His skill in controversy, his pugnacity, and his Parliamentary influence, had been invaluable in the crisis of 1810. His dominating personality and practical common sense well fitted him for the task of initiating the necessary reforms in the constitution of Lloyd's, and establishing the new system on sure foundations. The substitution of a written Trust Deed and a coherent code of By-Laws for the slipshod informality of the old constitution; the introduction of routine regularity into the proceedings of the Committee; the establishment and development of the Agency system; all bore the stamp of his clear and forcible mind. One further contribution to the development of Lloyd's has yet to be recorded; for it was in the last year of Marryat's chairmanship, and under his direction, that the crucial step was taken towards the final elimination of the old Coffee House traditions.

Death of Joseph
Marryat, 1824.
His character
and influence.

CHAPTER XIV.

THE PASSING OF THE COFFEE HOUSE.

1823-1844.

THE re-organisation of 1811, while it had provided Lloyd's as a business institution with adequate administrative machinery, had been conducted on characteristically conservative lines, and had left many traces of the old coffee-house system. The position of the Masters, in particular, was wholly anomalous and illogical. Ever since the beginning of the Revolutionary Wars their responsibilities had been steadily decreasing, while their remuneration as steadily expanded. The whole conduct of official correspondence, together with the more important of their functions in the collection and distribution of intelligence, had been transferred to the Secretary. Regular and frequent Committee meetings, coupled with the provision in the By-Laws of 1811 and 1816 for a "Committee" or "Managing Director of Correspondence," relieved the Masters of all serious responsibility for the conduct of routine business, and their duties no longer called for the high degree of tact, judgment, and initiative, that had been expected from Fielding or Tayler. Yet they were annually dividing profits such as neither Fielding nor Tayler imagined in their rosiest dreams.

Anomalous
position of
the Masters.

Light duties:
large profits.

In these profits, the receipts from the Bar were among the less considerable items. The profits on *Lloyd's List*, and payments received in respect of sales and shipping announcements were, together, of greater value; but the bulk of the Masters' income was derived from the Annual Subscriptions of the Subscribers to Lloyd's, together with certain payments by the two chartered companies, by newspapers, and others, for intelligence supplied. These subscriptions were practically independent of any exertion on the part of the

Masters themselves; for it was not the amenities of a coffee-house, but the business facilities and the unrivalled system of shipping intelligence provided by Lloyd's, that had drawn in so many hundreds of new Subscribers since 1793. The Masters were reaping where the Committee and their Secretary had sown.

The position was further complicated by the fact that the Secretary, while directly responsible to the Committee for the performance of his secretarial duties, was now junior partner in the flourishing firm of "Bennett, White and Bennett" by whom the business of "Lloyd's Coffee House" was carried on, and depended for clerical assistance on the waiters of the Coffee House, over whom he had no direct authority as Secretary. The waiters themselves were employees of the Masters, though their appointments were now subject to the approval of the Committee. The whole, or the greater part of their remuneration was derived from the extra guinea paid annually by all subscribers, which, in 1821, yielded them sums varying from £50 to £250 each, in proportion to their seniority. There are indications in the minutes, however, that they received these amounts, or part thereof, in the form of a regular weekly salary.

The whole arrangement was both unbusinesslike and extravagant; but so long as John Bennett senior, and Thomas White were alive, there was no suggestion of any readjustment by which their emoluments would be curtailed. Legally, the arrangements could have been revised at any time, for they had expressly been made subject to the pleasure of the Subscribers; but the two senior Masters had both grown grey in the service of Lloyd's—Bennett's first connection with the establishment dated back to the old days in Pope's Head Alley—and both had done good work in the early days of the War, when the Masters' duties were more onerous and less lavishly remunerated. They were left,

CHAP. XIV
1823-1844
A system of
dual control.

CHAP. XIV accordingly, in quiet enjoyment of their gains; but in
1823-1844 1823, when they died within a few days of each other, the
opportunity was taken to appoint a Special Committee
of twelve Subscribers, "to act with the present Com-
mittee in framing such Regulations for the future man-
agement of Lloyd's as they may deem expedient."

Takings and
profits of
the Masters.
1820-2.

Their first step was to call on the surviving partner
for an account of the Masters' profits during the last
three years, which Bennett—with whatever heart-
searchings—furnished "with the utmost candour and
promptitude." The figures thus disclosed were rather
startling. On an average, the Masters had divided pro-
fits amounting to £4,500 a year. Bennett himself, in
addition to his salary as Secretary, had drawn £750 a
year as his sixth share of the profits; White had taken
£1,500, and Bennett senior, had enjoyed an annual in-
come from Lloyd's of £2,250, which would give him as
much importance in the world as an income of £8,000
or £10,000 to-day. The accounts throw so much light
on the working of Lloyd's in 1823, and the queer ar-
rangements between the Masters and the Subscribers,
that it is worth while to give the average figures:

<i>Receipts.</i>		<i>Disbursements.</i>	
Bar	£538	Rent, Rates and Taxes ..	£1,002
Profits on <i>Lloyd's List</i> ..	546	Coals and Candles ..	110
Shipping Notices ..	571	Grocery	204
Sales	94	Liquors, etc.	147
Gratuities for Notice of		Stationery and Pens ..	224
Arrivals	27	Newspapers	499
Payments for intelligence by		Shipping Intelligence ..	71
Insurance Corporations,		Loss by Postage Account	33
Newspapers, Navy and		Sundries	579
Transport Boards, and		Profits:	
Commercial Sale Rooms	147	J. Bennett $\frac{1}{2}$..	2,249
Payment for collecting Re-		T. White $\frac{1}{3}$..	1,499
gister Book Subscriptions	32	J. Bennett Jr. $\frac{1}{6}$	749
Small subscriptions or gra-			4,497
tuities from frequenters of			
the Coffee House ..	150		
Annual Subscriptions at 3			
guineas each	5,261		
	<u>£7,366</u>		<u>£7,366</u>

FOR
S A L E
BY THE
C A N D L E,
At NEW LLOYD'S COFFEE-HOUSE, CORNHILL.

*On FRIDAY, the 15th Day of JULY, 1796,
at Two o'Clock precisely,*

THE GOOD GALLIOT
CATHARINE,
Round Stern, Dutch built, and free, 140 Tons Register
Tonnage; is well calculated for the Coal or Coasting
Trade, shifts without Ballast, draws little Water, and
takes the Ground well; is well found in Stores, and
may be sent to Sea at a small Expence. Now lying
at King ^{Edward} James's Stairs.

I N V E N T O R Y.

Hull, Masts, Yards, standing and running Rigging, with all Faults, as they now lie.

ANCHORS.

- 1 sheet anchor
- 1 best bower
- 1 small ditto
- 1 kedge

CABLES.

- 1 best bower
- 1 small ditto

- 2 warps
- towline quite new

SAILS.

- 2 main sails
- 1 fore sail
- 4 jibs
- 1 top sail
- 1 mizen

- 2 steering sails
- 1 square sail
- 1 save all
- 1 boat's sail

CARPENTER'S and BOATSWAIN'S STORES.

- 3 hand dogs
- 1 iron ditto

4 wooden shovels
 4 handpikes
 2 pump brakes
 2 pump hooks
 6 spear boxes
 6 lower d. to
 1 grindstone and trough
 1 maul
 1 crow
 1 mallet
 2 caulking irons
 1 adze
 1 hammer
 1 saw
 1 iron-bound snatch block
 1 crutch
 1 serving mallet
 2 tar buckets
 5 tar brushes
 2 stone jars
 1 oil bottle
 1 ditto keg
 1 buoy and buoy rope
 3 pieces of old junk
 1 fish hook
 sundry spare pieces of new
 cordage
 1 hatch bar
 1 tide ladder
 1 pair of can hooks
 1 spuyarn winch and bolt

1 ship's skeet
 2 boat's scoops
 1 main hatch tarpaulin

SHIP CHANDLER'S STORES.

4 binnacle compasses
 1 hanging ditto
 1 binnacle lamp
 1 cabin ditto
 2 lanthorns
 1 poop ditto
 1 four hour glass
 1 two ditto
 1 one ditto
 1 half ditto
 1 candle box
 1 deep sea lead and line
 1 hand lead and line

.COOPER'S STORES.

4 water casks
 3 harness tubs
 3 pails
 1 draw bucket
 1 water funnel

COOK and CABEIN STORES.

4 copper kettles
 1 frying pan
 1 brass skimmer
 1 ladle
 1 pair of tormentors
 3 wooden bowls
 4 chairs
 2 tables
 1 candlestick
 2 mops
 2 scrubbing brushes
 4 brooms
 1 beer cock

B O A T.

1 long boat, rudder, and tiller
 1 ditto mast, boom, gaff, &c.
 1 skiff quite new
 4 oars
 1 boat hook

The Stores and Galliot to be taken with all Faults as they now lie, without any Allowance for Weight, Length, Quality, or any Defect whatever.

Inventories and further Particulars may be had of

JOSEPH DOWSON, *Broker.*
 No. 2, *Samson's Gardens, or New Lloyd's Coffee-House.*

The item of "Sundries" in the disbursements included dinners for Masters and waiters, bread, biscuits, and milk for general consumption, firewood, and various charges for shipping intelligence additional to those separately recorded. These charges for intelligence were a relic of the days when the whole supply of shipping intelligence depended on the Masters, and the whole account exhibits a complete confusion between the coffee-house business carried on by Messrs. Bennett, White and Bennett, and the affairs of Lloyd's as an institution.

CHAP. XIV
1823-1844

The remedies proposed by the Special Committee, and adopted at General Meetings on July 9th and 16th, 1823, were directed to giving the Subscribers complete financial control, and complete administrative control, of the entire establishment. Under the first head, the Committee's recommendation ran:

Subscribers
take control
of funds and
management.
1823.

"That from and after the 1st day of July, 1823, the whole amount of Subscriptions, together with the receipts for shipping notices and advertisements in the Captains' Rooms, and for the use of the said rooms and pulpits, when engaged for public sales, be carried to the Subscribers' Fund, and that the Subscribers, in General Meeting, have the entire disposition of the said Fund."

On the administrative side, they proposed that the third Mastership should be suppressed; that the offices of Master and Secretary should be permanently separated, and that the Secretary should be provided with proper clerical assistance, and entrusted with the entire management of correspondence, accounts, minutes, shipping intelligence, "and all other branches of the establishment that appertain to the duty of a Secretary and his clerks." He was also to exercise "a superintendence over the Masters, Waiters, and others employed, and generally over the whole establishment."

Secretary's
Department
established:
Secretary
not to be
a Master.

By these two measures the Masters were finally deprived of any real share in the working of Lloyd's, and reduced to caterers for the Subscribers, and supervisors of the attendance in the Rooms. Even for the dis-

CHAP. XIV charge of these functions, they were to be under the
 1823-1844 authority of the Secretary. Their salaries were fixed at £400 for Smith Grey, the Master in the Subscribers' Rooms, and £300 for John Bolton, Master in the Captains' Rooms, and they were permitted to divide evenly the profits on catering, and certain perquisites, such as the sale of old newspapers, and gratuities from frequenters, estimated to bring them each another £200 a year. The waiters were to be paid fixed salaries, ranging from a minimum of £75 to the senior waiter's £250 a year, together with partial board, for which an allowance of £40 per head was made to the Masters.

John Bennett
 confirmed as
 Secretary.
 1823.

The Secretary, now a much more important person than the Masters, was granted, in addition to his salary of £500, three quarters of the profits from *Lloyd's List*, the receipts for shipping intelligence, and the payment for collecting subscriptions to the Register Book. The remaining quarter of these perquisites, granted on the principle of "payment by results," went to his chief clerk. Bennett was confirmed in his appointment, and three waiters, including his own son, a third John Bennett, were transferred to his department as clerks.

Compensation
 to Bennett
 for loss of
 Mastership.

Including his perquisites, the Secretary would now receive a little over £1,000 a year; but the Committee frankly recognised "that the change of system now contemplated must occasion a serious disappointment to Mr. Bennett," who had actually been drawing £1,250 as Secretary and Third Master, and whose hopes of succeeding to his father's lucrative position were now wholly cut off. This would be cruel treatment of a man who had done so much to increase the efficiency and prestige of Lloyd's, and the Subscribers readily assented to the Committee's suggestion that a personal allowance of £600 a year should be paid to Bennett as compensation, bringing up his total income from Lloyd's to about £1,600. In all the circumstances, the Committee could fairly claim that this represented "a fair

mean between a just regard to the interests of the Sub- CHAP. XIV
scribers on the one hand, and the expectations of 1823-1844
Mr. Bennett on the other." At any rate, it is clear that
no murmur of complaint came from Bennett himself.

Like the players in *Hamlet*, the Subscribers, when convinced of a serious defect in their methods, had "reformed it indifferently." They would have done much better to "reform it altogether." In the new state of things at Lloyd's there was no real place for the Masters. Their functions were no longer important enough to justify the semi-independent position allotted to them, yet their retention involved a perpetuation, within limits, of the old system of dual control, which could only hamper the working of the establishment. The choice of men, too, proved unfortunate. William Dobson, the one man of character and education among the senior waiters, had gone as chief clerk into the office of the Secretary, whom he subsequently succeeded. Grey and Bolton were men of very inferior calibre to Tayler, Bennett, or White. Their position and salary lifted them above the ranks of the waiters and made them partially independent of the Secretary's authority; yet they had neither sufficient responsibilities to steady them, nor sufficient duties to keep them fully employed. Their joint interest in the profits of the bar led to perpetual friction, and Grey neglected his own duties in the Subscribers' Rooms to interfere with Bolton's work as caterer. Neither of them inspired respect in the waiters, and while two of the latter were dismissed, in 1827, for neglect of duty and insulting behaviour, it is significant that the Masters were cautioned "to ensure proper respect" by giving their orders to the servants "in a becoming manner." The Secretary and Committee were continually required to adjudicate on complaints by the Masters of the waiters and of each other, by the waiters of the

New Masters
give trouble.
1823-8.

CHAP. XIV Masters, and by the Subscribers of both Masters and
 1823-1844 waiters. By December, 1828, things had grown so bad that a special Sub-Committee considered it "indispensably necessary" for Grey to retire; and a knowledge of his impending fate may have prompted Grey's own petition to be pensioned off, on the ground of ill-health.

Partnership
 of Masters
 dissolved.
 1828.

This opportunity was taken to carry the transition from the Coffee House system one stage further. A Special Committee reported in January, 1829, that "the pecuniary connection that has hitherto subsisted between the two Masters of Lloyd's" had "been found practically to interfere with that harmony, and co-operation, which ought to subsist between them, and which is essential to the good order, and advantage of the whole establishment." Grey was retired on a generous pension of £200 a year, and Joseph Spencer was appointed Master in the Subscription Rooms, at a salary of £400, but without any share in profits or perquisites. The Master in the Captains' Room was no longer to receive a salary, but to enjoy the whole profits of the bar, together with perquisites, bringing up his takings to about £500 a year.

More trouble
 with Masters.
 1829-37.

By these reforms, the Master in the Subscribers' Rooms was finally reduced to a salaried superintendent under the direct control of the Committee; but Spencer proved even less satisfactory than Grey, and, in 1837, his "habit of intoxication" led to his dismissal, with a compassionate allowance of £100 a year in consideration of his good conduct prior to promotion. The House Committee's Report on the matter forms an admirable commentary on the unsatisfactory compromise adopted in 1823 with regard to the Masters' position. "Raised by the liberal Salary which has been paid them above the condition in which they have previously been placed, and with comparatively little employment throughout the day, it has been found that individuals who as waiters have proved themselves deserving of approbation have unfortunately changed in their conduct when appointed to the situation of Master."

In consequence of this Report it was decided to abolish altogether the post of Master in the Subscribers' Rooms, entrusting the immediate oversight of the attendance in the Rooms to a Head Waiter, with a modest salary of £250 a year. At the same time the perquisites of the Secretary and clerks were discontinued, an equivalent increase being made in their respective salaries, so that the entire receipts from shipping intelligence, including the profits on *Lloyd's List*, were now brought into the general fund.

Bolton, who had given much less trouble than Grey or Spencer, was continued as Master in the Captains' Room. He had been cautioned, in 1837, for the curious offence of having bought "mining and other shares," contrary to a By-Law "which prohibits gambling"—an interesting sidelight on the attitude of Lloyd's towards the earlier joint-stock companies—but he had done nothing to justify dismissal, and he continued to cater, more or less satisfactorily, for the frequenters of the Captains' Room, until 1844, when Lloyd's took up its quarters in the third Royal Exchange, as rebuilt after the fire of 1838. Then, at long last, the post of Master was finally abolished, and the bar leased, first to Mr. Warriner, of the "George & Vulture," and afterwards to Mr. H. Mabey, of the Jamaica Coffee House, who carried on the business as mere catering contractors.

As the last "Master of Lloyd's," John Bolton must always fill his little niche in history; but these later Masters were in no true line of descent from Edward Lloyd. The flourishing dynasty founded by that excellent man of business died out in defeat and discredit with Lawrence and the younger Baker. With Thomas Fielding there begins a new succession of Masters who were tenants-at-will where Lloyd, Richard Baker senior, and Saunders had been proprietors, but who derived from their confidential relations with the Committee

CHAP. XIV
1823-1844

Post of Master
in Subscribers'
Rooms abolished.
1837.

Final abolition
of Mastership.
1844.

CHAP. XIV of Lloyd's, a consequence superior to that of most in-
 1823-1844 dependent Coffee-Men. The succession was again broken in 1823, when both the control of the coffee-house business and the supervision of the Subscribers' Rooms were finally taken out of the Masters' hands. All real justification for the continuance of the title was then removed, and it would have been more fitting to let it pass with Bennett senior, and White. The Subscribers judged otherwise, doubtless through attachment to the old traditions of Lloyd's Coffee House; but the suppression of the Mastership in 1844 was only the epilogue to a drama already played out. Having followed up the coffee-house tradition to its final disappearance, it is high time to return to the more vital issues with which Lloyd's had to grapple in the year following the re-organisation of 1823.

CHAPTER XV.

DIEHARDS AT LLOYD'S.

THE OPPOSITION TO REGISTRY REFORM AND REPEAL.

1824.

THE reconstruction of 1823 involved no breach with the traditional conservatism of Lloyd's. It merely advanced one step towards its logical conclusion, a process that had been going on for many years, and had been forced upon the Subscribers by sheer pressure of circumstances. How far they were from laying aside their ingrained distrust of any real innovation was shown by the stout resistance offered, in the following year, to the reform of the Register Book, and the repeal of the Corporations' monopoly.

The Register of Shipping established in 1760 by the underwriters at Lloyd's Coffee House was never, like *Lloyd's List*, the property of the Masters, nor was it officially taken over by the Subscribers to Lloyd's when they established themselves in the Royal Exchange. It was owned by an independent body with a Committee of its own, and the use of the Register Book was jealously restricted to the members of the Register Society. Any member of that Society who allowed an outsider—even though a Subscriber to Lloyd's—to glance at the Book, or who passed on to him any information it contained, was punishable by fine. Nevertheless, the connection between the Register Society and Lloyd's was very close. Its members were all underwriters; all, or practically all, Subscribers to Lloyd's. The Masters of the Coffee House collected its subscriptions. Although the Society had its own offices in Sun Court, the meetings of the Committee were held at Lloyd's, and the leading men at Lloyd's took a prominent part in its management. Out

Lloyd's and the
Register Book.

CHAP. XV of eleven members of the Committee in 1798 five—
 1824 John Julius Angerstein, William Bell, George Curling, Alexander Champion, and Edward Vaux, were members of the House Committee, and each of the first three was, at some time, Chairman of Lloyd's.¹

A rival to the
 Register Book.
 1798.

For nearly forty years the Underwriters' Register reigned without a rival; but in 1797 a new method of classification was adopted which gave great offence to the shipowners, who complained that it laid disproportionate stress on age and place of building, giving an undue preference to Thames-built ships, and penalising unfairly the older vessels, even when kept in a good state of repair. The shipowners accordingly started a rival publication, to the great indignation of the Committee of Lloyd's, as appears from a Minute of March 23rd, 1798:

"It appearing to this Committee that a Book has been Advertized to be left at the Bar for the purpose of receiving Subscriptions for the Publishing a Book for the Registry of Shipping in opposition to the one so many years published by the body of Insurers frequenting this House, Resolved that the Masters of this House be directed not to allow of such Subscription Book being left at the Bar of this House."

Competition
 between the
 two Registers.
 1798-1823.

Despite this opposition, the Shipowners' Register or "Red Book," as it was called to distinguish it from the Underwriters' Register or "Green Book," succeeded in establishing itself, and the first printed List of Subscribers to Lloyd's, issued in 1800, shows that the Secretaries of both Registers were admitted to the Rooms, each subscribing also for one Substitute. The Red Book, in fact, gained rapidly on its rival. It was accused of currying favour with shipowners by undue leniency in classification, and it made a strong bid for popular support by fixing its subscription at eight guineas, as against twelve guineas for the Green Book, and by adopting a much less rigorous attitude with regard to the secrecy of the contents.

This competition forced the old Register Society in

¹ *Annals of Lloyd's Register*, p. 13.

351	Prince William	H. Callway	500	Whitby	44	R. Clark	15	Norwy Lo	E. 1	E. 1
	S d 72	H. Midford	SDR	trp 60 N D trp	72	Strp. 76		Cc. Transp	5	7
2	Bg	Jh Philips	140	Bristol	62	Cox & Co.	11	Br Dublin	E. 1	F. 1
			SDR	N D W & trp	74			C.	10	2
3	Bg	L Sandison	140	Wales	71	T. Williams	12	Li Dublin	A. 1	A. 1
			SDR						4	2
4	Princess Xtiana	Jn Ferroy	100	Gottenb.	56	Capt.		Lh Norwy	E. 2	
	Dr		SDR						73	
5	Louisa S d	R. Greave	400	Holland	4	Norway	15	Du Nrway	I. 3	
			SDR	Fir-ry	75				11	
6	Royal Br	Jn Adie	120	River	68	M. Twyman	10	Lo Rtrdm	A. 1	
								C.	5	
7	S s	A. Dutchie	300	River	74	Samuda & C.	15	Lo Jamai.	A. 1	
	C. Stevenson					4 - 6 & 2 - 4 P		C.	9	
8	S	Tho Frazer	400	Leith	73	J Wilkinson	16	Lo Jamai.	A. 1	A. 1
									12	2
9	S s & d	The Goech	140	America	55	Morrel & Co	15	Lo. Straits	E. 2	F. 1
	Grace	H. Smeely		trp 72 S. rps	74			Lo. Transp	74	2
360	of Wales	Js Dixon	120	River	44	M. Twyman	12	Lo Rtrdm	E. 1	E. 1
	Br s & d 73			trp. 70 & trp.	73			C.	9	3
1	Priscilla Bg	J. Devonson	120	Emfwrth	67	Capt. & Co.	11	Lo Newry	A. 1	A. 1
	Ceres	S. Myne	SD			Defer. 3 Co		C.	9	2
2	Bg	Rd Cassidy	50	French		Sligo	8	Li. Sligoe	E. 2	E. 2
			SD	lrp.	75				9	6
3	Bg	Js Jones	130	Philadel.	70	Mat. Bush		Co Philad	A. 1	
									73	
4	Probity S	Tho. Laws	400	Scarbros	65	M Dickensn	15	Petersb. Br	E. 1	E. 1
			SDR						9	1
5	Property Bg	Rt Lake	140	Hull	64	Capt.	9	Gotten Du	E. 1	F. 1
		T. Scott	SD			Rt Lake		Y. Straits	12	12
6	Prospect S	T. Nrwood	350	Ipswich	51	Tho Bennet	14	Virgin Lo	E. 1	E. 1
			SDR	trp. 65 &	70			Lo. Menel	11	4
7	Prosper S	C. Smith	400	British	52	Reynlds & C	16	Br SVncts	E. 1	
			SDR	N D W & trp	74				5	
8	Prosperity S	Js Clifton	400	Philadel.	73	W M'culoch	17	Co Jamai.	A. 1	
									11	
9	Bg	R Monkhs	120	Chepstw	63	Capt. & Co.	12	Gurnsy Lo	E. 1	
			SD						5	
370	Prosperous Sp	Tho Green	60	Emfwrth	49	Parsons & Co	10	Gurnsy Lo	E. 1	
			SD	trp.	74				74	
1	Bg	C. Lallow	100	Emfwrth	61	Capt.	10	Oporto Ya	E. 1	E. 1
			SD	len. & rfd	69			Lo Smytns	10	4
2	Sp d	E. Pearson	60	Wight	30	Hllowy & C.	7	Wa Hllnd	I. 2	
			SD	len & rp 54 &	71				10	
3	Armilla	Wm Slater	400	Hull	47	C. Calliner	16	Lo Transp	E. 1	
	S s & d 71			N. B. & trp	69				2	
4	Proteus Sw	Jn Papley	160	Carolina	65	R. Smith	13	Lo. Carol.	E. 1	
	Smythe			len.	72				74	
375	Providence	Rt Brown	90	Yrmouth	old	H. Morley	9	Cork Ya.	I. 2	I. 2
	Bg d		SD	rp.	64	Strp. 73			5	3

some degree to relax its rules and, in 1810, to reduce the subscription to eight guineas; but competition did not, in this instance, make for efficiency. Neither the Green Book nor the Red Book commanded general confidence, and both were carried on at a loss. At the beginning of 1800 the Green Book had 233, and the Red Book 125 Subscribers. In 1823 the number of Subscribers to the Red Book was almost exactly the same; but the supporters of the Green Book had fallen to about 180, and there was an annual deficit of about £500 which was fast eating away the accumulated funds of the Society.¹

This very unsatisfactory state of things led to a movement, in which Mr. John Marshall, a London shipowner, was the prime mover, for the fusion of the two Societies, and the establishment of a single Register on a broader basis, with a Committee representative of underwriters, shipowners, and merchants. This movement came to a head at the annual meeting of the Ship Owners' Society on December 11th, 1823, and a public meeting held, under the auspices of that Society, on January 22nd, 1824. At these meetings it was resolved: "That opinions are entertained, that the existing system of classing Shipping in the Register Books at Lloyd's, operates injuriously towards the Ship Owner, tends to mislead the Shipper and Underwriter, in numerous instances encourages the building of inferior Ships, and prevents essential repairs;" and that a Committee of thirty-six should be appointed to devise a remedy, and make suggestions "for the future classing of the Mercantile Marine." This Committee was to consist of eight merchants; eight London shipowners; ten members nominated by the outports, two by the marine insurance Corporations, and eight by Lloyd's.

The invitation to appoint representatives came before

CHAP. XV
1824

Movement for
fusion of the
two Registers.
1823-4.

¹ For the rivalry between the two Registers, and the investigation of 1824, see *Annals of Lloyd's Register*, *passim*, and *Statement of the various Proceedings prior and subsequent to the Appointment of a Committee in 1824, to inquire into the Mode of Classing the Mercantile Marine at Lloyd's*, by J. M. Marshall, 1829.

CHAP. XV a General Meeting of Lloyd's on February 18th, 1824,
 1824 but with no blessing from the House Committee. On the contrary, Mr. Benjamin Shaw, now Chairman of Lloyd's, presented a report, prepared by a Sub-Committee and adopted by the Committee as a whole, recommending an absolute refusal to co-operate in the inquiry. The Committee doubted, in fact, whether the existing system was capable of improvement, "however a few insulated (*sic*) cases may be adduced as evidence of the present system being faulty." To put it bluntly, the main argument against co-operation was that it was the shipowners who desired reforms, and reforms desired by the shipowners were not likely to be beneficial to the underwriters.

Committee
of Lloyd's
opposed to
reform of
Registers.
Feb., 1824.

Marshall's
appeal to
Lloyd's.

Had Joseph Marryat still been in the Chair, and had he taken the conservative side, the Committee's recommendation would probably have been followed; but there was no one now capable of standing up to Mr. John Marshall, who made an eloquent appeal to "the public spirit which has ever been conspicuous in the proceedings of this House;" reminding the Subscribers that nothing was asked for beyond an impartial inquiry, and that:

"the very name of 'Lloyd's' is regarded, not at home only, but also in every part of the world where the British name is known, as synonymous with everything that is liberal, just, public-spirited, and honourable."

Convinced by Marshall's arguments, or won over by his flattery, the meeting resolved, with only two dissentients, to comply with the invitation; and nominated twenty-four Subscribers, from whom the eight representatives of Lloyd's were to be chosen by ballot. The majority of these gentlemen withdrew their candidature, either from pressure of business or objections to the method of election, and the Committee accordingly put forward eight names, among whom the most prominent was Mr. David Carruthers, of whom more will be heard. They remained, however, obstin-

ately opposed to the principle of co-operation, and at another General Meeting, on March 3rd, Mr. William Janson, a member of the Committee, spoke strongly against proceeding with the election, arguing that Lloyd's would be in a hopeless minority on the inquiry and would be placed in a false position by associating themselves with its work. His motion for an adjournment being defeated on a show of hands, he demanded a ballot, which was fixed for March 10th. In the interval both sides exerted themselves to the utmost. The Committee printed and circulated their Report; Mr. Marshall issued a counter manifesto, and almost every counting-house and coffee-house in the City was visited by the leading advocates and opponents of reform to whip up negligent or indifferent supporters. In the result, to use Marshall's triumphant capitals, "REA-SON TRIUMPHED," and Lloyd's decided, by 352 votes to 327, to co-operate in the inquiry.

CHAP. XV
1824

Subscribers
over-rule the
Committee.
Mar., 1824.

Ten weary years of investigation, negotiation, and vain endeavours to secure financial support from the Government, were to pass before the fusion of the Register Books became an accomplished fact. For the moment, the attention of Lloyd's was directed to a still more bitter conflict, over a still graver issue. In the matter of the Register inquiry, the good sense of the Subscribers had prevailed against the conservatism of the Committee; but the Committee and Subscribers were alike prepared to die in the last ditch rather than allow sacrilegious hands to be laid on that paradoxical ark of their covenant, the exclusive privileges of the two chartered Corporations.

Although the great struggle of 1810-11 had left the Royal Exchange and London Assurance in full enjoyment of the privileges conferred on them in 1720, their position was too anomalous to remain long unchallenged. It was admitted on all hands that their

Anomalous
position of
Corporations.

CHAP. XV case for retaining a monopoly of underwriting in part-
 1824 nership rested solely on the sanctity of vested interests, and that the only real argument against its abolition was the possible injury, not to themselves, but to Lloyd's. Joseph Marryat, that doughty champion of the underwriters, had been able to defeat the Bill of 1811, by taking skilful advantage of the immense prestige derived by Lloyd's from its exertions during the war; but the conversion of a single voter on the crucial division would have turned the scale in favour of repeal, and it should have been evident to any far-sighted observer that the battle would have to be fought again in the near future.

Conditions of
 1824 favour
 repeal of the
 Corporations'
 monopoly.

A half-hearted attempt to renew the struggle was actually made in 1812, when a petition was presented to the Board of Trade, praying for revocation of the charters; but the victory of Lloyd's was too recent for this attempt to have any real chance of success, and it was not until 1824 that the agitation for repeal was revived in earnest. The time was well chosen. The war had been over long enough for the sense of national obligation to Lloyd's to have suffered some eclipse in the fickle minds of public and Parliament; the commercial and industrial depression that followed the return of peace had drawn men's minds to the necessities of economic reform, and Peel and Huskisson were busily engaged in removing legislative burdens on trade. Lloyd's itself had begun to feel the reaction from the war boom, and Marryat's death had deprived the underwriters of their ablest and most influential leader.

The Alliance
 Assurance Co.

Again the attack came from the great financial interests. The petition for repeal was promoted by the newly-formed Alliance British and Foreign Fire and Life Assurance Company, and the Alliance was the creation of Nathan Rothschild, who had gathered around him, amongst others, Alexander Baring,

Samuel Gurney, and Sir Moses Montefiore—all kings of the money market. The leadership of the attack in Parliament was entrusted to Thomas Fowell Buxton, whose prowess as a leader of the anti-slavery party had won him wide Parliamentary influence. Buxton, as his speeches clearly showed, knew nothing about marine insurance; but he was related to Gurney by marriage, he was a personal friend of Rothschild, and having accepted office as an auditor of the new Company, he threw himself into the fight with all the zest and venom of a practised advocate.

Lloyd's, of course, had no notion of taking the attack lying down, or allowing the Corporations to fight their battle unaided. On March 31st, 1824, the Committee were informed that the Alliance Company had prepared a petition to be allowed to effect marine insurances. By the end of April, they had arranged for co-operation with the Royal Exchange and London Assurance, obtained from their Solicitors, and examined, all papers relating to the proceedings of 1810-11, and prepared a reprint of Marryat's great speech of February 20th, 1810, together with his "Observations," the Report of the Special Committee, and the proceedings in the House of Commons.

The real point of danger was that the Government was known to be in favour of removing the restrictions on marine insurance, and early in May the Chairman, accompanied by Mr. James Barnes, a Member of the Committee, had an interview with Huskisson, then President of the Board of Trade, but found him obstinately biassed by "the prevailing policy of the day in favour of free trade." In vain they urged that the real purpose of the new company was to establish a monopoly and destroy the open competition at Lloyd's. Huskisson was friendly to Lloyd's and opposed on principle to joint-stock companies; but while he stated that the Government was not committed to any act of

CHAP. XV
1824

Lloyd's opposes
petition by the
Alliance Co.
Mar., 1824.

Government
in favour
of repeal.

CHAP. XV incorporation, he was inflexibly determined on repeal.

1824 On the same evening a Memorial to the Board of Trade was prepared, setting out all the old arguments against insurance by companies, but more particularly devoted to dissuading the Government from proceeding by a Public Bill, on the ground that, under the Standing Orders of the House of Commons, this would give less opportunity than a Private Bill for full examination of the subject. This too was lost endeavour. On May 17th Buxton was given leave to bring in a Bill to repeal the Act 6 Geo. I, c. 18, so far as it imposed restrictions on marine insurance, and the battle was fairly joined.¹

Alderman
Thompson
champions
Lloyd's in
Commons.

As in 1810, a Special Committee was formed at Lloyd's to carry on the fight. It consisted of the House Committee and twelve other Subscribers, among whom the most notable were George Shedden, and Alderman William Thompson, M.P. for Sunderland. Shedden had been a member of the old House Committee and one of the principal witnesses for Lloyd's at the inquiry of 1810, so that his experience was likely to be of special value in deciding on the tactics to be adopted. Thompson, on the contrary, was a very new recruit. He was not even, as yet, a Subscriber to Lloyd's; but he had extensive business connections in the Rooms, and in this hour of trial he came forward with a voluntary offer of his services, which was the more welcome inasmuch as Marryat's death had left the underwriters without any spokesman of note in the House of Commons.

The pamphlet containing Marryat's speech and "Observations" had already been sent to Members of Parliament who were likely to be helpful, and had been circulated to the provincial underwriters through the Liverpool and Glasgow Associations and Lloyd's

¹ For the proceedings in Parliament see *Commons Journals*, Vol. LXXIX, 17th May, 24th June *passim*, and *Hansard*, New Series, Vol. XI.

Agents at Hull and Leith. It was now sent to every member of the House of Commons. Petitions against the Bill were prepared for signature by Underwriters, and by Merchants and Brokers, and Counsel were engaged to speak for them at the Bar of the House. A deputation, consisting of Shaw, Thompson, Barnes, and Shedden, waited on the Prime Minister, Lord Liverpool, but drew little encouragement from the interview.

In the House, Thompson did his duty manfully and found an unexpected supporter in William Manning, who had been the chief spokesman for repeal in 1810-11, but declared that, in view of the low level to which premiums had fallen since the war, he now saw no necessity for additional facilities. Buxton, on the other side, made up in acrimony for what he lacked in knowledge. He was so ignorant of insurance practice that, when introducing the Bill, he stated the brokerage on marine insurance to be 25 per cent. of the premium, and had to confess his mistake in the debate on the second reading; but this did not prevent him from drawing a harrowing hypothetical picture of the fate of a shipowner or merchant who insured his property at Lloyd's. There would be twenty-five or thirty underwriters on the policy, and when he came to settle a loss, some of them would perhaps be dead; some perhaps would be bankrupt; others perhaps would be litigious, and finally he might receive "only a dividend upon his undoubted right." Mr. Buxton professed to have read the report of 1810; but it is to be feared his studies had not extended to the evidence. On the second reading he graciously admitted, "He did not mean to insinuate that all underwriters were insolvent, or litigious, it was enough for his purpose that these evils were frequent." Rashly enough, he went on to prophecy: "A Company did not die; its insolvency was in the highest degree improbable."

CHAP. XV
1824
Thomas Fowell
Buxton leads
the attack on
Lloyd's.

CHAP. XV For the most part the arguments traversed grounds
 1824 rendered familiar by the controversies of 1810; but
 the growing feeling in favour of Free Trade—in the
 sense of removing legislative restrictions—gave addi-
 tional force to the arguments of Huskisson, Frederick
 Robinson (the Chancellor of the Exchequer), the
 eminent jurist, Dr. Lushington, and the arch-econo-
 mist, Joseph Hume, each of whom took much the same
 line. Huskisson himself referred to Lloyd's in terms
 of marked respect; they had always, he declared, "ex-
 hibited the most honourable conduct"; but he could
 not see why people should not be allowed to insure
 with partnerships or companies if they wished to do
 so. He thought, however, that members of companies
 should be liable to be sued individually.

Weighty
 support
 for Repeal.

In reply to these arguments, the defenders of Lloyd's
 could only repeat their fears of a *de facto* monopoly,
 arising from the immense aggregation of capital be-
 hind the new company. Mr. Alex Robertson, indeed,
 explicitly charged the Government with undue sub-
 servience to the financial interests:

"His Majesty's ministers were disposed to lend too fond an ear to any
 suggestion coming from that mass of wealth which had been put in
 motion on this occasion."

This was spirited, but hardly judicious, and the second
 reading of the Bill was carried, on May 28th, by 51
 votes to 33.

Stubborn
 fight by
 Thompson.

The Special Committee then prepared petitions by
 Underwriters, and by Merchants and Brokers, praying
 to be heard against the clauses of the Bill, and to ex-
 amine witnesses, and on June 3rd, Thompson moved
 in the House of Commons for a Select Committee, but
 was defeated by 29 to 25. He then proposed a clause
 rendering each member of a joint-stock insurance com-
 pany separately liable to the assured, notwithstanding
 anything to the contrary contained in the policy; but
 Huskisson objected to this as an interference with free-
 dom of contract, and it appears to have been dropped.

A series of other amendments prepared by the Solicitors to Lloyd's, and directed to restricting and hampering the activities of joint-stock companies, were all opposed by the President of the Board of Trade, as more relevant to a general bill for company regulation, and were successively defeated in Committee of the whole House.

The last fight in the Commons took place on June 14th, when the Bill was read a third time. Two days earlier, a motion had been carried that Counsel should be heard against the Bill on the third reading, and Counsel for Lloyd's were actually in attendance; but it was long after midnight when the motion was put that Counsel be called in, and a tired House rejected the motion, refused an appeal for adjournment, and passed the Bill.

The Special Committee were convinced that the Bill would not have passed but for many of their supporters having gone home, in the belief that the debate would be adjourned, and undismayed by this disaster, they prepared to carry on the fight in the Lords, and procured petitions by Underwriters and by Merchants and Brokers, asking leave to be heard by Counsel against the Bill. In these petitions, great stress was laid on the advantages gained by the promoters of the Alliance Company from the procedure on a Private Bill, which had allowed persons directly interested in that Company to vote on the Bill in the House of Commons, although the only real object of repeal was to further the interests of the Company. In the main, however, the petitions were a frank appeal *ad misericordiam*. If the Bill were passed, the low premiums quoted by the Companies "during their career of rivalry" and "the adventurous spirit of those Companies, rendering them bold in the proportion in which they were ignorant or unprincipled," would render their competition insupportable. The under-

CHAP. XV
1824

Repeal Bill
passed at an
all-night sitting.
June, 1824.

Pathetic
appeals to
the Lords.

CHAP. XV writers would be ruined, their clerks thrown out of employment, and the great agency and intelligence system created by Lloyd's would be utterly overthrown. 1824 "It would be trifling with the misfortunes of your Petitioners to assert that the private underwriters would still exist."

Repeal Bill
receives the
Royal Assent.
June, 1824.

Even these prophecies of woe failed to move the hard hearts of their Lordships, who decided that the Underwriters and Brokers "had no interest so specific, as to entitle them to be heard against a public Bill," and refused to give the Counsel for Lloyd's an audience, although they allowed Counsel for the two Corporations to put their own arguments against repeal. There was, in fact, no serious discussion in the Lords on the main principle of the Bill; but the Lord Chancellor (Eldon) moved, as amendments, four clauses on the lines of those drafted by the Solicitors to Lloyd's, the main object of which was to compel the names of all shareholders in a marine insurance company to be enrolled in Chancery, and to render them liable to be sued individually and the judgment enforced against all other members. Lord Liverpool, for the Government, saw no objection to the principle of the clauses but, like Huskisson, objected to them as irrelevant to the Bill under discussion, which was finally passed without amendment, and received the Royal Assent on June 24th.¹

Lloyd's takes
courage.

The much dreaded blow had fallen; but when faced by the accomplished fact, the Subscribers to Lloyd's began to revise their gloomy estimate of its effects. The Special Committee themselves ventured to "press upon the consideration of Subscribers the propriety of continuing at their post . . . the result must be a final establishment of the character and success of Lloyd's, more permanent and complete than that which has already excited the approbation and admiration of those best acquainted with its system."

¹ 5 Geo. IV, c. 114.

Shaw, in presenting the report, thought there was no need for Subscribers to despair; the result of their opposition to the Bill was probably no worse than they expected.¹

One last effort was made to spike the guns of the Alliance Company. Mr. Frederick Natusch, an underwriter at Lloyd's, became a shareholder, and applied for an injunction to restrain the company from carrying on marine insurance, on the ground that it was not mentioned in the prospectus, or included in the contract of partnership. The Lord Chancellor, who hated companies, gleefully granted the injunction; but Nathan Rothschild and his colleagues were not to be so easily disposed of, and quietly turned the flank of the injunction by creating the Alliance Marine Insurance Company as a nominally independent concern.

CHAP. XV
1824
Last move
by Lloyd's
defeated.

The Superintendent of the new marine Company was Frederick Secretan, a Subscriber to Lloyd's, and, as in 1810, there were many Subscribers who were anxious to hedge their stake. Prominent among them was Mr. John Staniforth, a member of the House Committee overthrown in 1811. This unfortunate experience had shaken his loyalty to Lloyd's, and in 1824, he came forward as the promoter of the Indemnity Mutual Assurance Company, which issued its first policy on August 4th of that year, and had no fewer than twenty-two Subscribers to Lloyd's among its twenty-six directors.² Within the next two or three years a small crop of new companies, the South Devon, the Scotch Commercial, and others, sprang up, and several Irish companies, doing marine business, took advantage of the Act to extend their activities to Great Britain. Many, if not all of these new rivals to Lloyd's, had renegade Subscribers among their agents or officials.

Formation of
Indemnity and
other marine
Companies.

¹ *Morning Chronicle*, 29 July, 1824.

² *The Indemnity: A Centenary Retrospect*, by J. F. Mainland and E. H. Howard, 1924, pp. 12-14, 22-23, 29.

CHAP. XV For the most part, the competition of the companies
 1824 was not very formidable. They were starting business on a falling market; for marine insurance was at a low ebb, and an orgy of commercial speculation in 1825, followed by a financial crisis, threw a further shadow over their prospects. Many of them collapsed after a few years of fitful activity, and the two big concerns—the Alliance and Indemnity—which established themselves on a solid basis, were too prudently managed to indulge in the reckless rate-cutting dreaded by the underwriters. The Alliance Company, in whose interests the Repeal Bill was originally brought forward, drew a steady business from the connections of the great financial houses represented on its Board, but seems to have made little effort to extend its sphere of operations at the expense of Lloyd's.

Failure of
 many small
 Companies.

Hostility of
 Lloyd's to the
 Companies.

Lloyd's, nevertheless, maintained towards all the new companies an attitude of inexorable hostility. In June, 1825, the Committee flatly refused the request of the Alliance and Indemnity Companies to be supplied with shipping intelligence on the same terms as the Royal Exchange and London Assurance, who, since 1814, had each paid £100 a year for the privilege, as well as a gratuity to the Masters. In 1827, a similar request by the Indemnity was again turned down, and although their Ship Surveyor was allowed to go to ballot as a Subscriber, he was unanimously rejected. Four years later, the Committee themselves proposed the admission of the Company for a payment of £150 a year; but the Subscribers were obdurate, and the proposal was heavily defeated at a General Meeting.

The benefits of the Agency system could not be entirely withheld from the Companies, but Lloyd's Agents were informed that, while they were to exercise no discrimination in shipwreck or distress, and might even act as Agents for the companies "when specially appointed in a particular case," the accep-

tance of a general agency, or the introduction of insurance business, would entail the forfeiture of their appointment.

This stubborn resistance in a hopeless rearguard action was prompted, probably, as much by pique as by considerations of interest, and it could not be maintained indefinitely. There was another sphere, however, in which Lloyd's could act decisively. The Act of 1824 threw marine insurance open not only to companies but to partnerships, and it has already been shown that the strong objections entertained by Lloyd's to underwriting in partnership were fully justified. Here the remedy was in the Subscribers' own hands. Whatever a great Company like the Indemnity might do, no private partnership could hope to carry on an extensive underwriting business without access to the Rooms, and Lloyd's was master in its own house. By a new By-Law, passed on the 4th and confirmed on the 11th of August, 1824, it was provided:

"That no Subscriber shall underwrite Policies of Insurance within the Rooms of this House in Partnership Firms, or otherwise than in his own name, or in that of one Individual for each respective sum subscribed."

To this By-Law, which finally placed the principle of "each for himself" beyond all danger, there was added in 1834, for the sake of greater clarity:

"and no Subscriber shall underwrite risks for the account, benefit or advantage, either direct or indirect, of any public company."

One small incident of the struggle remains to be noted, as a link between Lloyd's and one of the greatest names in English literature. In the autumn of 1827, when the friction between Lloyd's and the new companies was at its height, the City correspondent of the *British Press* contributed to that journal nine original articles on marine insurance, in which he showed himself a doughty champion of the fair fame of Lloyd's. The failure of the paper left his labours unrewarded, but the Committee of Lloyd's were fully

CHAP. XV
1824

By-Law against
underwriting
in partnership.

Lloyd's and
Dickens.

CHAP. XV alive to the value of articles written "in support of this
1824 Establishment" at so critical a juncture, and voted the
sum of ten guineas to the disappointed journalist.
That City correspondent was John Dickens, the father
of Charles Dickens, and himself the original of Mr.
Micawber.

CHAPTER XVI.

DEPRESSION AND REVIVAL.

1824-1837.

THE decade immediately following the Act of Repeal was the gloomiest in the history of Lloyd's. Although the removal of restrictions on marine insurance had not produced the disastrous consequences that the Subscribers had anticipated, or affected to anticipate, the sting of defeat rendered them depressed and querulous, and their hopeless struggle against the inevitable was embittered by the defection of so many of their own number. The division of the marine insurance market into two hostile camps was in itself an evil, and its consequences were the more serious because the great war boom in underwriting had been followed by a prolonged slump. Dwindling membership, declining revenues, and decreased individual profits were reflected in a general irritability which occasionally flared up into serious quarrels between the Subscribers and the Committee.

Depression.
1824-33.

For a considerable period after the return of peace the actual increase in the volume of trade was quite insufficient to compensate, from the underwriters' point of view, the fall in values, and the proportion of the total trade covered by insurance was smaller than it had been when French and American privateers swarmed in the approaches to the Channel. It was insured too, at much lower rates, and the heavy stamp duties on sea policies drove away much business to foreign centres, where many new offices had been opened since the return of peace, and where risks could be more cheaply placed. From a memorial prepared by the Committee in 1828, it appears that the current premiums, on risks subject to the 2*s*. 6*d*. duty,

Diminished
volume of
insurance.

CHAP. XVI varied from 5s. per cent. on a voyage between London
 1824-1837 and Calais, to 12s. 6d. for Baltic risks, and 15s. London
 to Gibraltar. On policies subject to the 5s. duty, the
 premium varied from 21s. on a voyage to the United
 States, to 30s. on a vessel for Brazil, with an average of
 about 25s. That is to say, the stamp amounted to about
 one-fifth of the premium on the longer voyages, and
 varied from one-sixth to one-half in the short sea
 trades.

Stamp duties
 drive much
 business to
 Continent.

In striking contrast, the duty at Hamburg amounted
 only to 5d. or 10d. per cent. on the amount insured,
 while in France and the United States, at Amsterdam,
 and at Antwerp, the policy was subject only to a sim-
 ple stamp varying between 7d. and 4s. in value, what-
 ever the amount of the insurance. As a result of this
 discrepancy, the value of property insured against
 marine risks at Hamburg alone, went up from 87 mil-
 lion Francs Banco in 1815 to 151 millions in 1820, and
 190 millions in 1830, while the receipts from policy
 duty in Great Britain fell away from £400,000 or
 £450,000 in the last years of the war to an average of
 about £230,000.

This decline in the volume of insurance business had
 its inevitable reflection in the membership of Lloyd's.
 In 1815 there were nearly 2,100 Subscribers on the
 list, of whom more than 1,850 had qualified by signing
 the Trust Deed. By 1825, the number had fallen to
 1,504, and by 1830, to 1,264.

Alderman
 Thompson
 Chairman.
 1826.

It was peculiarly unfortunate that Lloyd's should
 have been deprived at this difficult period of Marryat's
 energetic and resolute leadership. His immediate suc-
 cessor, Mr. Benjamin Shaw, who had piloted Lloyd's
 to the best of his ability through the storms of the re-
 peal controversy, resigned office in 1826, and was suc-
 ceeded by Mr. Alderman Thompson, whose main
 assets were his City influence—he became Lord Mayor
 in 1828—and his seat in the House of Commons.

Thompson had fairly earned the honour conferred upon him by his services as leader of the parliamentary opposition to repeal; but he was only a Subscriber of very recent date, he had many outside interests, and had not sufficient influence in the Rooms to stamp out or compose the dissensions that marked his period of office.

CHAP. XVI
1824-1837

Even in 1823 a cantankerous spirit had shown itself in the Rooms. The re-organisation of that year went through smoothly enough; but a new By-Law providing for the closing of the Subscribers' and Captains' Rooms on Sundays, Christmas Day, and Good Friday, provoked a remarkable outburst from the more conservative Subscribers, no fewer than 158 of whom gave warning, in a letter to the Committee, that if the Rooms were closed on Christmas Day and Good Friday, they would assemble for the transaction of business at some coffee-house near the Royal Exchange. The By-Law, nevertheless, was confirmed on ballot; but the minority was a big one—239 to 355.

Opposition
to closing on
Christmas and
Good Friday.
1823.

The first warning of serious trouble came in 1828, when a Mr. Francis Fortune, who had been pestering the Committee for the past five years with letters on the financial position, launched a vitriolic attack on them at a General Meeting, asserting that their mismanagement was costing the House several thousands a year, which might otherwise be distributed in rewards for saving life at sea, and grants or pensions to "distressed Proprietors, many of whom we see daily begging on the stairs of the House."¹

Attack on
Committee.
1828.

This was not wholly a rhetorical flourish. It is significant that two sons of Subscribers—one a haberdasher's assistant and the other a stock exchange clerk—were glad to obtain posts as waiters in 1823, and

¹ *London Morning Chronicle*, 25 September, 1828. A Proprietor was a Subscriber who had allowed his annual subscription to lapse, but was entitled, by virtue of his original subscription, to resume active membership at any time, on renewing his annual payments.

CHAP. XVI there were undoubtedly many in the Rooms who had
 1824-1837 fallen on evil days. Four years later, in 1832, Lloyd's Benevolent Fund was established for the purpose of "giving relief to worthy unfortunate Members of Lloyd's, their Widows, or Children." In the following year a vote of £200 to this Fund was carried; but only by a narrow majority. Lloyd's, as a Society, had not in fact much money to give away. Rewards for life saving, which had been freely voted up to 1824, were now left mainly to the newly established Shipwreck Institution, and it was only at rare intervals that a refund of legal expenses was voted in cases in which the interests of Lloyd's were concerned.

Mr. Fortune, who was later accused anonymously of "the daily practice of taking Pens from the Rooms," was not a popular person, and his proposals for financial reform were rudely but effectively shouted down. There were many Subscribers, however, who were ready to echo one item in his tirade—an attack on the principle of a paid Committee.

In 1829, matters were enlivened by a charge of engaging in gambling transactions, brought against Robert Dewar, a Member of the Committee, by that inveterate gambler "Dicky" Thornton. In the following year, the trouble, which had long been brewing, came to a definite head, in a motion to rescind the By-Laws relating to the remuneration of the Committee.

Proposal to
 withdraw the
 Committee's
 remuneration.
 1830.

The mover of this resolution, at a General Meeting on December 22nd, 1830, was Mr. David Carruthers, one of the leaders of the rising generation at Lloyd's. His line of argument seemed deliberately calculated to widen and embitter the breach between the Committee and the Reform Party. In actual fact each Committee-man's remuneration worked out at less than £100 a year; but Carruthers objected not only to the expenditure, but to its results.

"Instead of the leading members of the House being upon the Committee, persons were put forward to whom that sum was an object, and

who were, in consequence, not likely to add weight to the representations or wishes of the members, or increase the respectability of the establishment. It had, moreover, the effect of keeping back men who, were the position honorary, and not exposed to the present system of canvassing, &c., would fill the duties with advantage to the House in every respect."¹

The motion was thus practically converted into a vote of no confidence in the existing Committee, but it was actually supported by Dewar, a member of that body, and Alderman Thompson having expressed the readiness of himself and his colleagues to bow to the sense of the House, it was carried by a large majority.

At a confirmatory meeting held on December 29th, Mr. John Robinson, who was taking the Chair in Thompson's absence, announced that a requisition for a ballot had been submitted. Carruthers and his supporters contended that, as no demand for a ballot had been made on December 22nd, the requisition was out of order; but Robinson, who had consulted the Society's Solicitor, was of opinion that it could not be refused.

Scenes at
a General
Meeting.

"A scene of complete tumult ensued, the great majority of the Meeting appearing adverse to the determination of the Chairman, and there were loud cries to put the question as to whether the Requisition should be received or not."²

Eventually, amidst great excitement, Carruthers moved and carried an adjournment, thus defeating the requisition for a ballot, at the cost of cancelling the resolution previously passed.

On January 14th, 1831, a new meeting was held. Carruthers again moved to abolish the Committee's remuneration, and his motion was again carried by a large majority. This time a requisition for a ballot was at once handed in; but Carruthers' excited supporters would not allow the meeting to disperse until they had passed a vote of thanks to him and to the seconder of the resolution.³

¹ *Morning Herald*, 23 December, 1830.

² *Morning Post*, 30 December, 1830.

³ *Morning Herald*, 15 January, 1831.

CHAP. XVI Pending the holding of a ballot, the Reform Party carried the war into the columns of the Press, where their real object was expressed with refreshing bluntness. The question was:

"Whether as valuable and useful a commodity cannot be obtained gratuitously as that which for a long period has been purchased for certain monies. If it can, the Company of Underwriters of Lloyd's will save to their fund a few hundreds of pounds per annum; if it cannot, the aforesaid Company have but again to offer the aforesaid hundreds and they will then once more obtain the aforesaid commodity. What can be lost by the trial?"¹

Deadlock on
question of
Committee's
remuneration.
1831.

Meanwhile, those who were opposed to the proposal, or antagonised by the violence of its advocates, had been whipping up supporters, and, although Carruthers' resolution had twice been carried by a large majority, the result of the ballot held on January 20th, showed exactly 223 votes on each side. This was mere stalemate, and the Committee, anxious to show their disinterestedness, offered to send out a circular requesting Subscribers to attend a second ballot; but the Subscribers as a whole had become thoroughly weary of the controversy; the proposal for a second ballot was defeated on January 28th, and matters remained on the old footing.

A compromise.
1834.

A half hearted attempt to revive the question was made in 1831, but with no success, and Carruthers, having been elected to the Committee, was able, in 1833, to indulge himself in the gesture of returning a cheque for £79. 16s. 6d. in respect of his attendances, and resigning office. Finally, in January, 1834, a compromise was arrived at, by reducing the Committee's remuneration to £500 per annum, to be divided amongst the members *pro rata* to their attendances. This was a lame and impotent conclusion to so violent an agitation; but it had the supreme merit of bringing peace to Lloyd's.

The credit for this compromise, such as it was, belongs to a Special Committee (composed of the House

¹ *Morning Post*, 17 January; letter from "Din."

Committee and twelve other Subscribers) appointed in January, 1833, to revise the By-Laws. In presiding over this body, which did good work also in connection with the reform of the Register Books, Mr. Alderman Thompson performed his last service to Lloyd's. The Special Committee's Report was presented in October, 1833. Before the year was out, Thompson had been driven from the Chair. The story of his fall illustrates, very strikingly, the irritability characteristic of Lloyd's at this period.

As M.P. for Sunderland, Thompson had been asked to become a President of the Sunderland Joint Stock Marine Premium Insurance Company, and as the company was formed to insure coals and collier freights, previously insured at Liverpool, not at Lloyd's, he had seen no harm in accepting this purely honorary position. Hostility to all new companies, unfortunately, had become an obsession with the Subscribers, and a large section of them at least, were ready to seize on almost any opportunity for a quarrel with the Committee. It became necessary to warn Thompson that "the excitement in the Room was very great," and that only his voluntary resignation could avert a scene painful to himself and injurious to Lloyd's.

On this plain hint Thompson sent in a dignified letter of resignation, which was regretfully accepted by the Committee, who took occasion to express their high respect, not only for his "unwearied attention, zeal, and ability," but for his "constant forbearance and courtesy;" qualities which his experience as Chairman had most certainly tested to the full. That he had acted wisely was shown on December 12th, when a resolution asking the Committee to persuade the Chairman to withdraw his resignation, was defeated on a show of hands. A little reflection brought calmer counsels, and the resolution thus defeated was carried on a ballot by the overwhelming majority of 245 votes to 5; but

CHAP. XVI
1824-1837

Attack on the
Chairman, who
resigns.
1833.

CHAP. XVI Thompson, very excusably, had had enough of
1824-1837 Lloyd's.

Death of
Bennett.
1834.

Two months later, the Society sustained a still more serious loss. For some time past the Secretary's health had been failing. It was now thirty years since John Bennett had entered on his onerous duties, and though still in the prime of life, his unremitting exertions had told upon his strength. Throughout his tenure of office, Lloyd's had been continuously developing. Twice, in 1811 and 1823, the whole constitution of the establishment had been drastically re-organised. The growth of the shipping intelligence—mainly due to his own initiative—and the establishment of the agency system, had entailed an enormous amount of administrative and clerical work, and for a long time he had been very imperfectly supplied with clerical assistance. He had enjoyed opportunities, but he had also borne responsibilities unknown to his successors, and he cared too much for Lloyd's to carry the burden lightly.

Throughout the greater part of 1832, Bennett was away on sick leave, and a letter to him from the Committee bears tribute to the respect and affection with which he had inspired successive generations of those entrusted with the management of Lloyd's.

"Sensibly alive to the value of his long, faithful, and zealous services, they anxiously desire that he will not put at hazard the perfect restoration of his health; an object of deep interest not only to his own family, but likewise to the feelings of the Members of this Committee, by prematurely resuming the duties of his situation."

A tribute in
the 'Times.'

In 1833 he was back at his post, but he never really recovered, and the end came on February 17th, 1834. The obituary notice which appeared in the *Times* of the following day is a striking testimony to the position he had attained:

"Mr. John Bennett, the respected Secretary to Lloyd's died yesterday morning at his house in Woburn-Place, and never had any public establishment to regret the loss of a more honourable, more intelligent, or more vigilant servant. He may be said, almost literally to have been



John Bennett
Secretary of Bloyds
1804-1834

CHAP. XVI He took office, in one respect at least, under happy
1824-1837 auspices, for in 1834 a new Stamp Act came into

Stamp duties
reduced.

operation which represented a real victory for Lloyd's in the long struggle against oppressive duties.¹ By this Act, passed in the previous year, the duties on a large proportion of the insurances effected were exactly halved, and it is a striking confirmation of the Committee's contention as to the effect of the duties that, whereas the Chancellor of the Exchequer anticipated a loss to the revenue of £100,000 a year, the receipts during the next few years were, in fact, little if at all diminished. Nevertheless the duties were still high enough to handicap the underwriters in competition with foreigners, and the agitation for total repeal, or further reduction, was vigorously carried on.

This was an important matter to the underwriters of the day. There is more historical interest in two events which marked the early years of Robinson's chairmanship—the foundation of Lloyd's Register, and the conversion of *Lloyd's List* into a daily publication.

Decay of the
two Registers.
1824-33.

The Committee of Investigation into the Registers appointed in 1824 had issued, two years later, a comprehensive report, in which the one weak spot was the assumption that no sound financial basis could be provided for a really efficient Register Society, without a Government subsidy, entailing some measure of Government control. As the Board of Trade could hold out no hope of a subsidy, the question was dropped. Meanwhile the finances of the rival Registers went from bad to worse, and in 1829 the proprietors of the Green Book—now formally described as “Lloyd's Registry of Shipping”—raised their subscription to ten guineas, in the vain hope of covering expenses.

¹ 3 and 4 William IV, c. 23. The new rates were: When premium was less than 15/-, duty 1/3 per cent.; premium 15/- and under 30/-, duty 2/6; premium 30/- and over, duty 5/-. Time policies for 3 months 2/6, over 3 months 5/-. Coasting trade, as before.

By 1833, both the Green Book and the Red Book were on their last legs, and it seemed only too probable that there would shortly be no Register Book at all. This could be nothing less than a disaster to Lloyd's, and the Special Committee of 1833 appointed a Sub-Committee to confer with the proprietors of the rival Books, with a view to their amalgamation. They found both bodies willing enough to listen to reason; there was, indeed, no alternative save bankruptcy before them. By October, 1833, a provisional joint Committee had been formed, and received prompt encouragement from Lloyd's in the shape of a grant of £1,000 to their funds. In January, 1834, after conference with the General Ship Owners' Society, a prospectus was issued, and by August the book was in the printers' hands. On October 21st the provisional Committee handed over the direction of affairs to a permanent body, and Lloyd's Register of British and Foreign Shipping came into formal existence, with David Carruthers as its first Chairman, and John Robinson, also of Lloyd's, as Chairman of the Classification Committee. As its name implied, the new Society considered itself the direct successor of the old Underwriters' Registry established at Lloyd's Coffee House in 1760, and for over fifty years it retained a living link with its forerunner, in the person of Mr. Henry Adams, who entered the service of the Green Book in 1815, and died in harness, as principal clerk of Lloyd's Register, in 1887.

CHAP. XVI
1824-1837

Establishment of
Lloyd's Register.
1834.

Henry Adams.
1815-87.

Another name connected with the early days of the Register is perhaps deserving of some note in this record. Visitors to the splendid offices of Lloyd's Register will notice in one of the rooms a portrait of Mr. Gabriel Snodgrass, who died in 1799 at the age of 80, after having occupied for 40 years the post of Ship Surveyor to the East India Company. As Charles Dickens was a friend of Chapman, Chairman of Lloyd's

Mr. Snodgrass.
d. 1799.

CHAP. XVI Register, it seems probable that the portrait with its
1824-1837 inscription may have caught his eye, and that the old Surveyor's remarkable name was thus immortalised in the Pickwick Papers.

From 1834 onwards, the development of the Register Book, remarkable as it has been, ceases to concern directly the history of Lloyd's; but the relations between the two great institutions which take their name from Edward Lloyd have always been of the most intimate character. From the start Lloyd's has been represented on the Register Committee by the Chairman for the time being, and by eight elected representatives, and although the Corporation of Lloyd's and the Society of Lloyd's Register are wholly distinct and independent bodies, the frequent confusion between them in the public mind is based on something more than mere similarity of title. They can both trace their descent from a common historical origin—the underwriters' habit of meeting for business at the Coffee House in Lombard Street. Both came into existence primarily to facilitate the carrying on of the underwriters' business. In the performance of that useful economic function, both have contributed largely, and in co-operation, to the safety of life and property at sea.

'Lloyd's List'
and its rivals.

The establishment of Lloyd's Register was due to the co-operation of Lloyd's with the entire shipping and mercantile community. *Lloyd's List*, unlike the Green Book, was the actual property of Lloyd's, and its reform, in 1837, was a purely domestic affair.

Although the serial numbering of the paper ran back only to April, 1769, when Fielding's *New Lloyd's List* made its first appearance, there had been no real break in continuity since the foundation of *Lloyd's List* in 1734, and throughout all the developments of a hundred and three years, this unique survival of the old

Coffee House in Lombard Street had remained almost unchanged. The entries of arrivals and sailings were more numerous than of old; but the general character of the contents and make up was, in all essentials, just what it had been in the days of Richard Baker and Samuel Saunders, and the paper still appeared on Tuesday and Friday evenings only. CHAP. XVI
1824-1837

Like the Green Book it had long had a rival—the *General Shipping and Commercial List* published by the Post Office clerks. This was published daily, and had a circulation of 984, while that of *Lloyd's List* had fallen from 960 in 1821 to 786 in 1837. The Post Office List, however, was very unreliable, and in 1836, a new competitor, the *Shipping Gazette*, was started as a private venture and speedily worked up to a circulation of about 1,000.¹

Down to 1837, Lloyd's had taken the competition very calmly. They published *Lloyd's List* chiefly as a check on the Books, and to provide evidence of losses, and were not too much concerned with its fortune as a newspaper.² In that year, however, the whole situation was changed by the Government's decision to suppress the *Shipping and Commercial List* as from June 30th. In anticipation of that decision a Sub-Committee had been appointed to consider "whether a different arrangement might not be advantageously adopted with reference to *Lloyd's List*," and the deliberations of this Sub-Committee resulted in a thorough overhaul of the paper. It appeared to the Sub-Committee that it was desirable for Lloyd's to respond to the increased demand for shipping news, at home and abroad, arising from the suppression of the Post Office List, and the daily communication opened up with the Continent by the establishment of steam packets, and it was accordingly decided to publish *Lloyd's List*, from July 1st,

'Lloyd's List'
becomes a
daily paper.
1837.

¹ *Eighth Report of the Commissioners appointed to enquire into the Management of the Post Office Department, 1837*, especially evidence of John Lee Stevens and J. D. Newman.

² *Ibid.*, evidence of Thomas Chapman and William Dobson.

CHAP. XVI as a daily evening paper. Large additions were made 1824-1837 to the contents, and a Mr. Moxon, who had been employed by the Post Office clerks, was engaged as editor under the Secretary's supervision. The profits, hitherto distributed as perquisites, were now carried to the funds of the House.

As a result of these changes the circulation rose rapidly to over 1,000 daily. There was, at first, a drop in the profits; but this was a minor consideration, and when the proprietors of the *Shipping Gazette* suggested, in 1838, that *Lloyd's List* should be incorporated with their own publication, the Committee firmly declined the proposal.

Later History
of 'Lloyd's List.'

The subsequent history of the paper may be very briefly summarised. In 1854 it was doubled in size, and shipping advertisements were, for the first time, admitted. They had previously been excluded as a condition of exemption from the newspaper stamp duties. In 1870 came a more drastic change. For some years past the profits had been declining, and it became evident that the publication of the paper in the afternoon was a serious obstacle to its utility. An arrangement was accordingly made with Messrs. Spottiswoode to take over the printing premises, staff, and plant, and produce *Lloyd's List*, on a profit sharing basis, as a morning paper. The editing, however, continued to be done in the Secretary's department.

For a brief period, beginning in 1872, the title was changed to *Lloyd's List and Commercial Daily Chronicle*, and in 1884 the paper was amalgamated with its competitor of 1836, under the title of *The Shipping Gazette and Lloyd's List*. Lloyd's then ceased to be responsible for the editing, except for the daily supply of shipping intelligence, under a contract with the publishers; but in 1914 the Corporation again took over the full control and printing of the paper. For a short time the *Shipping Gazette* continued to appear as a

separate publication; but it was then acquired by Lloyd's and incorporated with *Lloyd's List*, under the title of *Lloyd's List and Shipping Gazette*. It is simply as *Lloyd's List*, however, that it is and always has been referred to in general parlance, and the fact emphasises not only its real character, but its proud pre-eminence as the oldest newspaper published in London, with the single exception of the official *London Gazette*.¹

CHAP. XVI
1824-1837

The reduction of the policy duty, the establishment of Lloyd's Register, the publication of *Lloyd's List* as a daily paper, and the re-organisation of the establishment consequent on abolition of the post of Master in the Subscribers' Rooms,² all combined to stamp the first four years of Mr. G. R. Robinson's chairmanship as a period of reviving confidence and renewed progress. The business outlook was improving; the dissensions between the Committee and the Subscribers had died down, and new leaders of strong character, such as Thomas Chapman (Chairman of Lloyd's Register from 1835 to 1881), James Bischoff (the founder of the Index to *Lloyd's List*), and Alfred Janson, were coming to the front in the affairs of Lloyd's. A small, but significant sign of the new spirit in the Rooms was the authorisation granted by a General Meeting on September 21st, 1836, for a medal to be given, at the discretion of the Committee, "to those who have by extraordinary exertions contributed to the saving of life at sea."³ This new spirit, however, was about to be severely tested, for the opening of the year 1838 was marked by a grave disaster to the Subscribers to Lloyd's—the total destruction of the home they had occupied since 1774.

Reviving
prosperity.
1834-7.

¹ The *Northampton Mercury* (1720), *Norwich Mercury* (1725), *Gloucester Journal* (prior to 1727), and *Lincoln, Rutland and Stamford Mercury* (as *Stamford Mercury* pre 1715) are the only provincial journals of earlier date, still published under the same name, although *Berrow's Worcester Journal* claims descent from the *Worcester Post Man* (pre 1712). See *Times Handlist of Newspapers*, 1920.

² See pp. 300-1 *supra*.

³ Other medals granted by Lloyd's, are "Lloyd's Medal for Meritorious Services" (instituted 1893) for contributing to the preservation of vessels and cargoes, and "Lloyd's Medal for Services to Lloyd's" (instituted 1913). Full lists of recipients will be found in *Lloyd's Calendar*.

CHAPTER XVII.

LLOYD'S IN EXILE.

1838-1844.

Burning of the
Royal Exchange,
10 Jan., 1838.

AT 8 o'clock on the evening of Wednesday, January 10th, 1838, Mr. Thomas Bolton, the Master in the Captains' Room, shut up the premises as usual, after seeing that all fires were out, and all gas lamps in the public passage extinguished.¹ About two hours later a Bank watchman observed that a fire had broken out in the Captains' Room. He quickly gave the alarm; but on an entrance being forced, flames broke out with great fury. The fire, the origin of which was never satisfactorily traced, spread with great rapidity, and by midnight the Coffee Room, Captains' Room, and Underwriters' Rooms were "all one body of flame." Despite all the exertions of the firemen, assisted by the military and by many voluntary helpers, the whole Royal Exchange was speedily involved. At 2 o'clock "a hundred thousand voices murmured, 'It's reached the tower—it's all over,'"² and by daylight on January 11th, nothing but a blackened shell remained of the "palladium of English Merchants."

It is not our business to follow the merchants to their refuge at the Guildhall and the Temporary Exchange subsequently erected in the quadrangle of the Excise Office, Broad Street. We are concerned only with the fortunes of the Subscribers to Lloyd's; but the blow that had fallen on the underwriters, inevitably reacted on the commercial community at large, for Lloyd's was an indispensable element in the life of the City, and even a temporary interruption of its activities must have led to serious dislocation and inconvenience.

¹ The Subscribers' Rooms were closed at 5 p.m. The Captains' Rooms remained open for coffee-house business till 8 p.m. in winter and 9 p.m. in summer.

² *John Bull*, 14 January, 1838.



THE SECOND ROYAL EXCHANGE AFTER THE FIRE IN 1838

CHAP. XVII scribes—was appointed to continue the search for
1838-1844 rooms.

Salvage of
the records.

Both the Society and the Subscribers had suffered heavy losses. The destruction of business papers must have been a serious matter to individuals, though a reward of £1 paid to John Rowland, a Watchman of Aldgate Ward, who “exerted himself very much . . . in assisting to save drawers etc. from the Subscription room” suggests that the salvage was considerable. Still more serious was the destruction of books and papers belonging to the Society; but here, too, much was saved, or this history could hardly have been written. By great good fortune a Mr. Guthrie, a Subscriber to Lloyd’s, was returning to his house after spending the evening with a friend, when he was told that Lloyd’s was on fire. Hurrying to the spot, he found the fire-fighters at a stand-still from ignorance of the arrangement of the rooms, and was just in time to direct them where to look, amidst the thick clouds of smoke, for the books and papers of the establishment. The current Minute Book of General Meetings, together with three volumes of Committee Minutes covering the period from October, 1816, to May, 1823, perished in the flames; but all the rest were saved, and as the two gaps, by a singular piece of good fortune, do not synchronise, a continuous record is preserved to us. Even so, the new bindings, fire-stained pages, and charred and crumbling edges of some of the earlier volumes, serve to remind us how nearly all material was lost for any authoritative account of the early days of Lloyd’s.

Trust Deed
destroyed.

The heaviest actual loss from the historical point of view was the file of *Lloyd’s List*, which we may presume to have come down intact from the Coffee House in Lombard Street. That most heavily felt at the time was the destruction of the original Trust Deed of 1811. This was the one legal tie that held the Society to-

gether, and it was imperative to replace it. The copy of the original deed was accordingly annexed, as schedule, to a short new Trust Deed, incorporating its terms by reference, and signed by Subscribers.

Meanwhile the Special Committee appointed on January 13th had been proceeding with their search for accommodation. Their choice ultimately fell on the South Sea House, at the corner of Threadneedle Street and Bishopsgate, that "stately relic" immortalised in the first essay ever printed over the signature of Elia.

Premises
secured in
South Sea
House.

"Here some forms of business are still kept up, though the soul be long since fled. Here are still to be seen stately porticoes; imposing staircases; offices roomy as the state apartments in palaces—deserted, or thinly peopled with a few straggling clerks; the still more sacred interiors of court and committee rooms, with venerable faces of beadles, door-keepers—directors seated in form on solemn days (to proclaim a dead dividend), at long worm-eaten tables that have been mahogany, with tarnished gilt-leather coverings, supporting massy silver ink-stands long since dry."

Amidst this derelict magnificence it was easy to find room for Lloyd's, and the directors of the South Sea Company, glad no doubt to transact one piece of solid business before they went the way of other phantom boards, readily agreed to lease to the Committee the great hall and two smaller rooms. At the same time, a house in South Sea Passage, occupied by an official of the Company, was taken over to serve as offices for the Secretary and his clerks. Even in its decay, however, the pride of the South Sea Company forbade the use of any part of its premises as a coffee-house, and the Captains' Room was established at the London Tavern, from whence it was removed, in the following year, to premises at 80, Bishopsgate Street.

On January 17th, 1838, Lloyd's took possession of South Sea Hall, and the hum and trampling of unaccustomed business must have sounded strangely in the ears of those old clerks for whom "the striking of the annual balance in the company's books (which,

CHAP. XVII
1838-1844

CHAP. XVII perhaps, differed from the balance of last year in the
 1838-1844 sum of £25. 1s. 6d.)" was a matter to occupy their "days and nights for a month previous." One would like to know that, among the busy underwriters and brokers who woke so roughly the echoes of departed greatness, there were one or two at least whose thoughts turned for a moment from the showing and writing of risks, to days when South Sea Hall was the centre of a vast hubbub of speculation, and Lloyd's Coffee House was just beginning to establish itself as a rendezvous for marine insurers.

Membership declines but activities maintained.

Although the new arrangements were the best that could be made, and the continuity of business at Lloyd's was preserved in a manner reflecting great credit on the Committee and Staff, the loss of their old home naturally involved much inconvenience to the Subscribers. The great hall at South Sea House would seat only 232 underwriters, as against 320 in the Royal Exchange, and the dispersal of the Underwriting Room, the Secretary's Office, and the Captains' Room, in three separate buildings, was a serious drawback. It is not surprising that the membership of Lloyd's fell, during the years of exile, from 1,211 Subscribers in December, 1837, to 945 at the end of 1843.

Nevertheless the period of exile was also a period of achievement. The speeches at a Subscribers' Dinner held "by general desire" on January 31st, 1838, struck a note of confidence and optimism which was fully borne out by the subsequent proceedings at South Sea Hall. The Committee and the Subscribers were not content merely to "carry on" pending a return to the Royal Exchange. Much time and attention were necessarily occupied by negotiations with the Gresham Committee as to the accommodation to be provided for Lloyd's in the new Exchange that was rising from the ashes of the old; but there was no interruption of

Due to	Shipton	3/4	11/9	12/11	20/11	21/12
Duncan	R					
Dunvedie	Barbadoine	2/6				
Dundee		3/1				
Due Anici	Guerrola	14/3				
Due Fratelli	Paroon	29/3				
Duen	Wold	23/4	8/5			
	Brandon	14/4	4/10			
Duke of Argyll	Burton	2/3	18/4	8/6	11/6	22/8
1	Beppo Brown	1/3	27/3	11/5	18/5	22/8
	Breganza	29/1			17/4	20/4
	Kera					
	Pointe	2/6	9/4	17/9	24/10	14/11
	Houris	2/3	25/6	2/4	13/11	22/11
						5/12

that process of continuous evolution by which Lloyd's, CHAP. XVII
as we see it to-day, has been produced. 1838-1844

In the very first year of the sojourn at South Sea House the Committee carried out a thorough re-organisation of the Secretary's office, with a view to earlier posting and filing of intelligence, and the same year saw the introduction of that sheet anchor of the modern underwriter, the "Index to *Lloyd's List*," by means of whose massive folios he can trace, continuously, the movements and fortunes of ships in every sea. This now indispensable aid to his business, he owes to the ingenuity of Mr. James Bischoff, a member of the Committee of 1838, who had always taken a special interest in the working of the agencies and the intelligence system. Struck by the waste of time and labour involved in hunting through the files of *Lloyd's List* for the movements of a particular vessel, Mr. Bischoff quietly set about the compilation of an Index showing, against the names of the vessels arranged in alphabetical order, the date of the issues in which their departures, arrivals, speakings, or casualties, were recorded. On October 10th, 1838, the two big volumes containing this Index were laid before the Committee, and "it was ordered that they be kept in the Reading Room and posted daily." An extract from one of these volumes has been reproduced for this history, and by way of contrast, there is also given an extract from the Index of 1912, showing the entries relating to the ill-fated *Titanic*, under their present arrangement, with references to reports of arrivals in black, sailings and speakings in red, and all news paragraphs in blue ink. It will be seen how greatly cables and wireless have multiplied the entries relating to each ship, and it will not surprise the reader to learn that thirteen huge volumes are now required for the record of each year.

In 1838 the means of communicating intelligence were still very primitive. Steam was yet in its infancy.

Founding of
the Index to
'Lloyd's List.'

CHAP. XVII There is a mention of steamer bills being put up at
 1838-1844 Lloyd's in 1826; but the Falmouth packets were still carrying mails across the Atlantic, and in 1838 arrangements were made for them to report, on arrival, all vessels spoken on passage. The first public railway had been opened to traffic in 1825; but the shipping lists sent to Lloyd's by the Liverpool Underwriters' Association were still despatched by the "Umpire" coach, or some similar conveyance, making the journey in twenty-four hours. There seem to have been two daily despatches from Liverpool to Lloyd's, one at 2 p.m. and the other at 6.30, with additional information "not on the slate," but collected exclusively for London.

State of the
 intelligence
 in 1838.

So early as 1827 the Liverpool letter included reports received "by telegraph" from Holyhead—not, of course, the electric wire of to-day, but a chain of signal stations on the hilltops, using the semaphores that had now superseded the "shutter" system of the Napoleonic Wars. It was a notable advance when, in 1841, arrangements were made with the newly-established Telegraph Association to furnish daily reports by semaphore from various signal stations round the coast.

News supplied
 to Companies.
 1840.

The benefits of the intelligence thus received at South Sea House were now widely diffused. In addition to the Royal Exchange and London Assurance, one or two dock companies and other bodies had, for many years, been permitted to subscribe for daily reports from Lloyd's; but the jealousy with which the new insurance companies were regarded had hitherto prevented their receiving the same privilege. The Committee themselves appear to have felt for some time past that this attitude of uncompromising hostility was both futile and undignified; but the repugnance of the Subscribers to making any concession was too strong to be overcome. In 1840, however, the abolition of franking carried with it the loss of Lloyd's postal privileges, and this, together with a declining revenue, the

heavy expenses of fitting up their temporary premises, and the prospect of still heavier expenditure (only partially covered by insurance monies) on a return to the Exchange, may have tended to reconcile the Subscribers to any step that would increase the annual income of the Society. At any rate, a proposal by the Committee "to furnish information similar to that which is now received by the two Chartered Companies, to other public Establishments," was carried on March 3rd, 1840, by a large majority. Among the first to subscribe the £200 a year demanded were the Alliance and Indemnity Companies, and a feud that had long lost all real meaning was thus brought to a close, and the way paved to much valuable co-operation with the Companies in the future, in matters of common interest.

Meanwhile the work of rebuilding the Royal Exchange had been going steadily forward. The foundation stone was laid by the Prince Consort on January 17th, 1842; on October 28th, 1844, Her Majesty Queen Victoria formally opened the new building.

Opening of new
Royal Exchange
28 Oct., 1844.

The main feature of the ceremony was a banquet held in the Underwriting Room, or Subscription Room as it was then called, of Lloyd's new premises, and the chronicler of the day waxes eloquent upon the "remarkably fine sherry," the "magnificent baron of beef weighing upwards of twenty stone and surmounted by a figure of St. George and the dragon," the "massive gold plate of the most exquisite workmanship," and all the other paraphernalia of a great civic feast.¹ To-day, it is the company then assembled that interests us most, and when we tread the Underwriting Room, it is not without a stimulus to our historical sense that we think of the occasion when, in addition to the Queen and Prince Consort, there were present the Duke of Wellington (received with "See the Conquering Hero comes") and, among the other Ministers of

Banquet in
Lloyd's Rooms:
An historic
assembly.

¹ *John Bull*, 2 November, 1844.

CHAP. XVII the Crown, Sir Robert Peel and William Ewart
1838-1844 Gladstone.

A strict regard for historical truth compels the admission that, beneath this splendid surface, there were smouldering discontents which found caustic expression in the *Illustrated London News* of November 2nd:

A slight to
Lloyd's.

"The Exchange was built for the merchants at large, and it was seized on, on the day of opening, and appropriated as exclusively as if it had been the fee simple of the Corporation. . . . It is scarcely credible to find it stated that to such a body as Lloyd's, only twelve tickets were forwarded, and that in a tardy, ungracious manner! Why the banquet itself was given in the rooms destined for the members of this association."

There is evidence in the Minute Books that Lloyd's felt keenly the small regard shown to them, especially the blank ignoring of their request that a special ticket should be sent to the Chairman, and a ticket to the Secretary, "as is customary on public occasions."

The return to
the Exchange
26 Dec., 1844.

Any soreness was soon forgotten, however, in the joy of returning to a permanent, and properly equipped headquarters. On Saturday, December 24th, the last slip was initialled in South Sea Hall; on Monday, the 26th, Lloyd's was once more established in the Royal Exchange.

Pomp and
luxury.

The new rooms, in the Venetian style, "enriched after the best Roman models," were regarded at the time as the last word in comfort and magnificence. "Simple, massive, spacious, and brilliantly lighted, they strike the spectator at once with an idea of fitness—of adaptation to the exact wants of a great trading community." Even the domestic details moved contemporary journalists to transports of enthusiasm. "The lavatory is on a scale approaching to luxury. The elegant soap-dishes, the spotless napkins, the china basins, the ivory-tipped cocks for the supply of hot and cold water . . ."¹ It is to be feared that present day Members take these luxuries as a matter of course.

¹ *Illustrated London News*, 9 November, 1844; *Chambers' Edinburgh Journal*, 14 February, 1846.

For this magnificence a price had to be paid. The CHAP. XVII
rooms, no doubt, were finer, lighter, more spacious, 1838-1844
than the "dark, dingy and perplexing" premises of the
old Lloyd's of which the author of *London Scenes* re-
marks that:

"As some worthy merchants will never suffer their counting-houses to be cleaned out, much less whitewashed or painted, so the Lloyd's shrine of the past seemed to rejoice in its want of comfort and convenience;"¹

but although they occupied over 11,000 square feet, against 7,500 in the old building, they afforded seats for only 258 underwriters instead of 320. For at least ten years after their entry into the new premises the Committee and the Subscribers were almost continually engaged in wrestling with the problem of accommodation.

Nearly a third of the entire floor space was taken up by a Merchants' Room. This was part of the original design of the new Royal Exchange, and the Committee decided that it should be incorporated with the establishment of Lloyd's, partly for fear that, if not under their control, it might become a dangerous rival, and partly in order to unite the mercantile interest more generally with Lloyd's, and attract business to the Underwriting Room.

The Merchants'
Room at Lloyd's.

Access to the Merchants' Room was given to all Subscribers to Lloyd's and also to a separate class of "Subscribers to the Merchants' Room," comprising "Merchants, Bankers, Ship Owners, and others," who were willing to pay an annual subscription of two guineas, without entrance fee. A Superintendent, with a knowledge of foreign languages, was placed in charge, and exercised also a general supervision over the Underwriting and Captains' Rooms.

Not long after the return to the Exchange the new rooms were the scene of an interesting ceremony. On

The 'Times'
Memorial.

¹ "Aleph" (Hervey), *London Scenes and London People*, 1863, p. 52.

CHAP. XVII August 20th, 1846, the Lord Mayor with a party of
 1838-1844 very distinguished citizens visited the office of the *Times* and were astounded by the marvellous machinery, especially by one "recently erected" printing machine which "throws off the almost incredible number of 6,000 double sheets per hour." These gentlemen came fresh from Lloyd's Rooms in the new Royal Exchange where "a mural tablet of exquisitely white marble" was unveiled. This tablet commemorates "the indefatigable industry, perseverance and ability shown by the Proprietors of "the *Times*" newspaper in the exposure of the most remarkable and extensively fraudulent conspiracy ever brought to light in the mercantile World."

It is a consoling thought that all that remains of this tremendous conspiracy consists of this tablet (with two replicas) and Times Scholarships at Christ's Hospital and the City of London School.

Steps were taken with due deliberation to commemorate this great service. In October, 1841, a Meeting of Merchants, Bankers and others resolved on a permanent expression of their sentiments; in February, 1842, another Meeting decided what form the expression should take, and in August, 1846, the unveiling ceremony was held. There was a dignity about our ancestors' proceedings very different from the helter-skelter of our day. No wonder they were astonished by the terrific celerity of the printing machine.

Bogle v.
 Lawson.

The curious who wish to be informed as to the nature of the conspiracy unmasked by the *Times* will find a report filling many columns of the issue dated August 17th, 1841, of the case *Bogle v. Lawson*, Lawson being the printer of the *Times*. The scheme seems to have been merely a vulgar swindle, in which some persons of considerable social standing were implicated. The services rendered by the *Times* were undoubtedly worthy of the recognition accorded to them; but the

THIS TABLET
WAS ERECTED TO COMMEMORATE
THE EXTRAORDINARY EXERTIONS OF
"THE TIMES" NEWSPAPER
IN THE
EXPOSURE OF A REMARKABLE FRAUD
UPON THE MERCANTILE PUBLIC,
WHICH EXPOSURE SUBJECTED THE PROPRIETORS TO
A MOST EXTENSIVE LAWSUIT.

At a Meeting of Merchants, Bankers and others, held at the Mansion House, on the 1st day of October, A.D. 1841.
THE RIGHT HONOURABLE THE LORD MAYOR IN THE CHAIR,
the following Resolutions were agreed to, videlicet

That this Meeting desires to express, in the most unqualified terms, its sense of the indefatigable industry, perseverance, and ability, shown by the Proprietors of "The Times" Newspaper in the exposure made, through the instrumentality of that Journal, in the Trial of "Boyle versus Lawson", of the most remarkable and extensively fraudulent Conspiracy ever brought to light in the Mercantile World.

That this Meeting desires to offer its grateful acknowledgments to the Proprietors of "The Times" Newspaper, for the services which they have thus been the means, at great labour and expense, of rendering to the Commercial Community throughout Europe.

That the effect of such exposure is not only highly useful to the Commercial and Banking Community, as suggesting additional care and circumspection in all monetary dealings, but as showing the aid which a public-spirited and independent Journal has it in its power to afford in the detection and punishment of Offences which aim at the destruction of all Mercantile confidence and security.

That the Committee now appointed be empowered to take measures for the purpose of recording in a more permanent manner, the sense of Obligation conferred by the Proprietors of "The Times" on the Commercial World.

The Proprietors of "The Times" refusing to be reimbursed the heavy costs incurred by them in the Defence of the above mentioned Action, the Committee opened a Subscription, which amounted, at its close, to £2,700; and at a Meeting held, at the Mansion House on the 9th day of February, A.D. 1842, specially summoned for the purpose of considering the application of the amount subscribed, it was resolved as follows:

That One Hundred and Fifty Guineas be applied to the erection of this Tablet and of a similar one to be placed in some conspicuous part of "The Times" Printing Establishment.

That the Surplus of the Fund raised be invested in the purchase of Three per Cent. Consols, the Dividends to be applied to the support of Two Scholarships, to be called "The Times Scholarships."

That "The Times Scholarships" be established in connexion with Christ's Hospital and the City of London School, for the benefit of Pupils proceeding from those Institutions respectively to the Universities of Oxford or Cambridge.

That Christ's Hospital and the City of London School, be required to place in their respective Institutions a Tablet commemorative of the establishment of such Scholarships.
All which has been duly carried into effect.

The Committee consisted of the following Gentlemen:
THE RIGHT HONOURABLE SIR JOHN PIRIE, BART. LORD MAYOR,
CHAIRMAN, AND TREASURER.

MATTHEW WOLVERLEY ATTORNEY, ESQ.	THOMAS JOHNSON ESQ. ALDERMAN, LATE LORD MAYOR
BARCLAY, BROTHERS, & CO.	JONES, LEWIS & CO.
BARING BROTHERS.	SIR PETER LAURE, KNIGHT, ALDERMAN
SAMUEL BRIDGON, ESQ. OF THE FIRM OF	PETER LACRE, ESQ. COMMON PLEASER OF
BRIDGES & CO. OF ALEXANDRIA	THE CITY OF LONDON
SIR GEORGE CARROLL, KNIGHT, ALDERMAN	SEBASTIAN GONZALEZ MARTINEZ, ESQ. OF
CATTLE'S & CARR.	THE FIRM OF MARTINEZ GONZALEZ & CO.
COCKERELL & CO.	JOHN MASTERMAN, ESQ. M.P. OF THE FIRM
GUTH, BULLFAX, HILLS, & CO.	OF MASTERMAN, PETERS, HILBERG,
ROBERT ALEXANDER GRAY, ESQ. OF THE	MASTERS & CO.
FIRM OF MELNIBY, GRAY, & CO.	FRANCIS FEGLER, ESQ. OF THE FIRM
JOHN BENJAMIN HEATH, ESQ. OF THE FIRM	OF FEGLER BROTHERS
OF HEATH, FURSE, & CO.	JOHN HESTON POWLES, ESQ.
WILLIAM HUGHES HUGHES, ESQ. F.R.S.	WILLIAM GEORGE PRENNTY, ESQ. OF THE
F.R.S. & C. (HONORARY SECRETARY)	FIRM OF PRENNTY, GIFF, AND CO. OF AUSTRIA
BARON LIONEL NATHAN DE ROTHSCHILD OF THE	
FIRM OF NATHAN MAYER DE ROTHSCHILD, & CO.	
EDWARD STEWART, ESQ.	
PATRICK MAXWELL STEWART, ESQ. M.P.	
SAMUEL WILSON, ESQ. ALDERMAN	
W. HUGHES HUGHES,	
HONORARY SECRETARY	

WILLIAM TITE, F.R.S.
ARCHITECT.

T & W. PIERCE
SCULPTORS

language of the testimonial is more grandiloquent than that which the leaders of commerce in the City of London would use to-day, and British Commerce has since survived many worse attacks, whilst the *Times* has rendered many greater, though uncommemorated, services. It is odd to note that this earth-shaking case was heard at Croydon—the formal decision being that the Plaintiff was awarded one farthing damages and had to pay his own costs.

CHAP. XVII
1838–1844

The year in which the *Times* memorial was unveiled was a notable landmark in the history of Lloyd's itself. The reforms of 1846 must be left to another chapter; but their foundation had already been laid at South Sea Hall. The Merchants' Room was not the only innovation which marked the return to the Royal Exchange. The opportunity presented by a new start was seized upon to revise the whole constitution of Lloyd's. Indeed, the work done by the Special Committee of 1838 in revision of the By-Laws, forms the most notable achievement of the years of exile.

Revision of
the By-Laws.
1838-43.

The decision to lease the bar in the Captains' Room, the abolition of the post of Master, and a general scaling down of the waiters' salaries, which had hitherto reflected the lax liberality of the old Coffee House days, when they had important clerical duties to perform and might expect to succeed to the Mastership—these were all details of the reforms. The really important feature of the re-organisation was the division of the Society itself into Members and Annual Subscribers.

The proportion of the Subscribers who actually wrote policies was smaller than it had been during the French Wars. In 1810 Bennett had estimated it as about two-thirds of the whole; but during the years 1830 to 1835 inclusive, only 43 out of 317 new Subscribers had been described as "underwriters" in their applications. There were, no doubt, many Subscribers, not des-

CHAP. XVII 1838-1844 cribed as "underwriters," who accepted risks either personally or through an Agent; but it seems clear that a large proportion of the membership consisted of men who were drawn to Lloyd's by the facilities for placing, and not by the facilities for writing risks, or were attracted mainly by the convenience of access to the shipping intelligence.

If these people were not themselves underwriters, they brought grist to the underwriters' mill, and so early as 1836 a proposal was brought forward to grant special terms of admission to non-underwriting brokers and merchants. Nothing came of it at the time; but at two General Meetings held on November 15th and 22nd, 1843, a number of resolutions were carried and confirmed which effected an important change in the constitution of Lloyd's.

Members first
distinguished
from Annual
Subscribers.
1843.

By the new By-Laws the establishment was divided into two categories—Members and Annual Subscribers. Both classes paid an annual subscription of £4.4s.0d.; but the Entrance Fee of £25 was demanded from Members only. "Merchants, Shipowners, Bankers, Traders, and Insurance Agents," were eligible under either head, but only Members were entitled to sit on the Committee or to vote at General Meetings, and "any person underwriting in his own name, or empowering another to underwrite for him" was required to become a Member. All present Subscribers were to be entitled to the full privileges of Membership.

The object of these reforms, coupled with the institution of the Merchants' Room, was to throw open the doors more widely than ever to all classes of the mercantile community; but to place the control of the whole establishment in the hands of the underwriting interest. It is true that merchants and shipowners were eligible for election as Members whether they ever wrote a line or not; but the privilege of accepting

risks was the chief inducement to pay the entrance fee that distinguished Members from Annual Subscribers, and as the old Subscribers died out, it was evident that the direction of affairs must come more and more into the Underwriters' hands. The first step had been taken in a process by which, during the next quarter of a century, the predominance of the underwriting interest was firmly established.

CHAPTER XVIII.

MODERN LLOYD'S TAKING SHAPE.

1845-1870.

A period
of change.

THE return to the Royal Exchange in December, 1844, was something more than an incidental landmark in the history of Lloyd's. The quarter of a century which immediately followed that joyful home-coming was a period of momentous changes in the machinery of commerce, and in adapting itself to those changes, as well as in following to its logical conclusion the re-organisation of 1843, Lloyd's underwent a remarkable transformation. These years, in fact, may be regarded as bridging the gulf between ancient and modern in its institutions and activities.

Critical
relations
with U.S.A.
1861-2.

Unlike the great days of Angerstein and Marryat, this was a period of peace at sea. The operations of the Crimean War were strictly localised, and have left no trace in the records of Lloyd's except for a few scattered minutes referring to the assistance given to a new Patriotic Fund established by Royal Commission, the closing of the establishment on days of fast and humiliation, and the "illuminations in gas" to celebrate the return of peace. The American Civil War brought a more serious menace to British commerce through the development of the *Trent* affair in 1861-2, but although the Governors of the Cape and St. Helena were instructed, as the result of joint representations by Lloyd's and the Liverpool and Glasgow Underwriters' Associations, to warn British ships of "the critical state of relations between this country and the United States," wise counsels prevailed on both sides of the Atlantic, and the dispute was happily composed. In the following year Lloyd's was in communication with the Foreign Office with regard to British ships cap-



OPENING OF THE THIRD ROYAL EXCHANGE, 1844
BANQUET IN LLOYD'S SUBSCRIPTION ROOM

CHAP. XVIII
1845-1870

tured by Federal cruisers while trading between neutral ports; but the effect of the great struggle between North and South was chiefly felt in the transfer of a great part of the American carrying trade and marine insurance business to British hands. Piracy on the high seas had already been practically stamped out, and there was little occasion to consider anything beyond the ordinary perils of the sea in the assessment of premiums.

It was not the multiplication of risks by war but a remarkable expansion in the volume of foreign trade that at this period stimulated the activities of Lloyd's. At home, a succession of Whig and Peelite ministries reformed the national finances and swept away a host of obsolete and vexatious imposts. One reform particularly welcome to Lloyd's was a drastic reduction of the marine policy duty, in 1844.¹ The repeal of the Corn Laws in 1846 was followed three years later by the repeal of the Navigation Acts, and British shipping, which had grown lethargic and unenterprising under an outworn system of protection, was stimulated to a new vigour in international competition. Both at home and abroad the instability following on the Napoleonic Wars was passing away, and the full effects of the Industrial Revolution were becoming manifest. The great gold discoveries, first in California and then in Australia, gave a further impetus to world trade.

Meanwhile, the whole system of world communications was being revolutionised. Railways, by 1844, had passed out of the experimental stage, and the next few years were marked by a feverish activity in railway construction at home and abroad. Steam navigation made slower progress; but the steam tonnage on British register increased from 187,000 tons in 1850 to 500,000

Expanding
commerce.

Steam and
electricity.

¹ By 7 & 8 Vict., c. 21. The rate per cent. was 3*d.* where the premium did not exceed 10*s.*, 6*d.* up to 20*s.*, 1*s.* up to 30*s.*, 2*s.* up to 40*s.*, 3*s.* up to 50*s.*; with a maximum of 4*s.* when the premium was 50*s.* or over. Mutual insurance for voyage 2/6; time policies, including mutual, 2/6 for six months, 4*s.* for twelve months.

CHAP. XVIII in 1860, and 1,200,000 in 1870. The electric telegraph
1845-1870 and the submarine cable substituted hours for days, or weeks, in the transmission of news and business communications between distant countries.

An age of
optimism.

The buoyant optimism of those eventful years found its fitting expression in the Great Exhibition of 1851. When the Committee of Lloyd's granted each clerk three days' leave, and each waiter two days, with money for their expenses, to enable them to view the show, they really believed, like everybody else, that the Exhibition was not merely an unparalleled spectacle, but the inauguration of an unbroken era of peaceful progress. The complacency of such Early Victorians as Macaulay offers an easy target for the shafts of our disillusioned intellectuals; but it reflected accurately the spirit of a generation to whom great opportunities were offered, and who made good use of those opportunities.

Lloyd's, as an underwriting institution, benefited in two ways by these developments. The expansion of trade increased enormously the value of property at risk; the improvement of communications afforded vastly increased facilities for effecting insurances.

The electric
telegraph at
Lloyd's.
1845-53.

It was in 1845 that arrangements were first made with the South Western Railway Company to forward by electric telegraph from Southampton to Nine Elms, news of casualties and of the arrival of steam packets with foreign mails, at a charge of 3s. for a message of twenty words, and 2s. for the messenger from Nine Elms. From that date the development of telegraphic intelligence was rapid. In 1851 the first telegraphic instrument was actually installed in the Merchants' Room, and in an article authorised and corrected by the Committee in 1852 for "Mr. Dickens' *Household Words*," special emphasis is laid on the fact that, "The electric telegraph is in daily use during stormy weather."¹ In 1853 an agreement was made with the Sub-

¹ *Household Words*, 1852, pp. 585-9. The writer of the article was Mr. John Capper.

marine and European Telegraph Company to forward, three times a day, messages from the principal Agents at British ports, and in December of the same year the Austrian Lloyd agreed to forward by telegraph from Trieste, reports of casualties, received by Lloyd's Agent at Alexandria from India and the Far East.

CHAP. XVIII
1845-1870

The next big advance was made in 1857, when arrangements were made with the British and Irish Magnetic Telegraph Company and the Submarine Telegraph Company to bring their wires direct into the Reading Room. By this time Lloyd's was in telegraphic communication with the majority of British, and a large number of Continental ports. In 1866 the *Great Eastern* laid the Atlantic cable, and arrangements were at once made, in co-operation with the Liverpool and Glasgow Associations, to take advantage of this new facility. It is interesting, as illustrating the distribution of insurance business at the time, to note that Lloyd's paid 65 per cent., Liverpool 25 per cent., and Glasgow 10 per cent. of the cost of messages. By 1870, the Committee were able to report that they hoped shortly to complete arrangements for direct telegraphic communication with South America, India, China, Australia, and Africa. It is only by an effort of the imagination that the underwriter of to-day, to whom daily and hourly touch with every port in the world is a necessity of business life, as much to be taken for granted as the arrival of the morning's post, can realise how completely the development of these twenty-five years transformed the whole aspect of the day's work at Lloyd's.

Telegraphic
development.
1857-70.

The mass of intelligence thus received had to be digested and distributed, and this side of the work was rapidly modernised under the administration of Mr. Thomas Baring, M.P., and Captain G. A. Halsted, R.N., the successors of Mr. G. R. Robinson and William Dobson as Chairman and Secretary respectively.

Thos. Baring
as Chairman.
1850.

CHAP. XVIII Dobson, who had served Lloyd's faithfully and well as waiter, clerk, and Secretary, for nearly forty years, died in February, 1848. In March, 1850, Mr. Robinson was compelled to resign his office by an illness to which he succumbed only a month later. It had been his fortune to preside over the Society's affairs for sixteen anxious and critical years, and both the recovery of Lloyd's from the depression of the early thirties, and the fortitude with which the great calamity of 1838 was borne, may be attributed, in part at least, to his example and inspiration.

An improved
intelligence
service.

Under Baring and Halsted, several minor reforms were introduced that tended to increase the efficiency of the intelligence service. In 1849, the year after Halsted's appointment, it was decided to print the information posted in the rooms and sent to the Companies, "instead of working the same off by the manifold writers." By 1861 it had become necessary to appoint a special enquiry clerk to meet the demands of seamen's relatives and others for information as to the safety and whereabouts of vessels. In 1867 a Statistical Committee was established, to collate and analyse figures of losses and sailings for the benefit of the underwriters themselves. Reference has already been made to the continuous growth of the Index and the improvements in *Lloyd's List*; but a word must be spared for two new and important developments—the Missing Vessels Book and the Captains' Register.

The Missing
Vessels Book.
1866.

The Missing Vessels Book, instituted in 1866, owes its existence to Mr. R. H. Harper, who called the attention of his colleagues on the Committee to the number of ships that arrived in safety after being posted as missing, with the result that the Committee resolved to allow no vessels to be so posted except by themselves, after full examination of all available evidence, and to keep a register of all such postings. The Captains' Register, suggested in 1835 but first instituted in 1869,

is a confidential biographical index of every officer holding a Master's certificate, with particulars of his service as Master and Mate, and of any casualties suffered by ships in which he served. Based on materials supplied by the Registrar General of Seamen, its value for a good many years was highly estimated; but with the improvement in the general standard of competence, interest in individual officers has somewhat declined as an element in estimating a risk, although Lloyd's was never more disposed than now to manifest its sympathy with, and appreciation of, the personnel of the Mercantile Marine, and to signalise specially meritorious conduct.

Closely connected with the growth of the shipping intelligence, the development of the Agency system went steadily forward. A special Sub-Committee for Agency affairs, appointed in 1845, carried out during the years 1848-9, a thorough investigation into the limits of all Agency districts in the United Kingdom, which led to the appointment of several new Agents; but in 1851 this Sub-Committee, which may be considered as the origin of the present Agency Committee, was succeeded by a fresh body, whose principal mission was to examine a proposal for the appointment of a whole-time, salaried Agent for the coast between the North and South Foreland.

This experiment arose from complaints as to extortionate charges, thefts of anchors, and other malpractices on the part of the Deal boatmen, whose undoubted heroism and alleged sharp practices had alike brought them to the attention of Lloyd's on many occasions during the fifty years anterior to the foundation of the Sub-Committee. The appointment of a paid Agent led to such good results, in the detection of frauds and the prevention of improper claims, that the system was gradually extended, and by 1863, five Special Agencies were at work; at Deal, Ramsgate, Yarmouth,

CHAP. XVIII
1845-1870

The Captains'
Register.
1869.

Paid agency
experiment.
1851-69.

CHAP. XVIII Lowestoft, and Falmouth. The increase of telegraphic facilities, however, made it less necessary to have paid representatives on the spot, and as the results obtained from the Special Agencies no longer justified an expenditure of £2,000 a year, they were first cut down and, in 1869, finally abolished.

Apart from the short-lived Special Agency experiment, all these developments represented a permanent addition to the facilities offered by Lloyd's to its Members. The daily telegraphic reports, the array of printed slips, the fat volumes of the *Index to Lloyd's List*, the *Missing Vessels Book* and *Captains' Register*, presented a striking contrast to the primitive arrangements of Angerstein's, or even of Marryat's day, and it is not surprising that the modest provision of three clerks allotted to Bennett in 1823, had increased by 1870 to twenty-six, including the Sub-Editor of *Lloyd's List*, and the Superintendent of the Rooms—a post created in 1864.

Moustaches
rebuked for
militarism.
1857.

Throughout this whole period the relations between the Committee and the staff appear to have been excellent. Thanks to the final abolition of the pernicious dual control inherited from coffee-house days, to a more business-like organisation, and perhaps to a touch of “naval discipline” under Captain Halsted's administration, the routine work of the establishment went on smoothly and efficiently. The one mild breeze that ruffled these tranquil waters arose from the tendency noted by the Committee, in 1857, for some of the clerks to wear “Moustaches or a Beard or both.” This it seems was “a custom not general in the rooms,” and the Committee were anxious to check the practice, without resorting to disciplinary action in a matter of such delicacy. The “Member in Attendance” (as the “Managing Member for Correspondence” was now called) accordingly took up the matter privately with young Mr. Muskett, one of the offenders. In the

friendliest spirit, but with delightful solemnity, he expressed the hope that, "so far as you are concerned you will remove that which imparts something of a Military Character to your appearance, so inappropriate to those occupied in Business Affairs."

CHAP. XVIII
1845-1870

Mr. Muskett, who had sufficient humour to treasure this epistle to the last day of his fifty years' service at Lloyd's, obediently sacrificed his moustaches on the altar of discipline; but the Committee, while jealous of the decencies of business affairs, were no enemies to national defence. In 1860, when Muskett and some of his colleagues joined one or other of the Volunteer regiments then coming into prominence, they received special permission to resume their moustaches and impart to their countenance a "something of a Military Character" that had now become appropriate.

It will be remembered that, about ten years later, the same vital question was agitating the mind of Queen Victoria, who gave much anxious thought to the problem of beards and moustaches in the Navy: "Her own personal feeling would be for the beards without the moustaches, as the latter have rather a soldier-like appearance; but then the object in view would not be obtained, viz., to prevent the necessity of shaving. Therefore it had better be as proposed, the entire beard, only it should be kept short and very clean." As the result of further reflection the Queen wrote that she wished to "make one additional observation respecting the beards, viz., that on no account should moustaches be allowed without beards. That must be clearly understood."¹

Royal edict
on beards.

One other characteristic incident may be quoted before passing to more serious matters. The year 1850 was notable for the first proposal for early closing of the establishment on Saturdays, and it aroused a storm

Controversy
over early
closing on
Saturdays.
1850-4.

¹ Lytton Strachey—*Queen Victoria*, Chap. VIII, quoting *Life and Correspondence of the Rt. Hon. Hugh C. E. Childers*, I, 175-7.

CHAP. XVIII of protest comparable to the excitement caused, in 1823, 1845-1870 by closing on Christmas Day and Good Friday. Saturday, it seems, was "the least eligible day of the week for abridgment, being a day of payments and collections in addition to the ordinary business"; but whatever day was chosen, the result would be to drive business to the Companies and the outports, and effect the ruin of Lloyd's. So fierce were the dissensions that the authors of the proposal withdrew their requisition, as the only way "to preserve unimpaired the good feeling and mutual confidence so necessary to the interests and convenience of all parties." Nevertheless, times were changing, and the underwriters and brokers, who now rode or drove in daily from their homes in the suburbs, were no longer so firmly wedded to the scene of their labours as when they had to be driven forth, by the ringing of bells and extinguishing of lights, to their homes in the City. Only four years after the first abortive proposals, a resolution to close at 2 o'clock on Saturdays was confirmed on ballot by 260 votes to 35.

In the same year, 1854, the number of the Committee was increased from nine to twelve members, in order to cope with the increased volume of business, and the sum annually divided among them was raised to £1,000. This was a detail; but a series of alterations in the terms of membership, carried out between 1845 and 1860, shows the modern conception of Lloyd's definitely taking shape.

Inadequate
revenues.

The occasion of these, as of so many earlier reforms, was incidental to the solution of a practical difficulty. The return to the Royal Exchange was followed by a large increase in membership, and in December, 1846, there were over 1,250 Members and Annual Subscribers, as against the 945 Subscribers of 1843. There were also about 450 who paid the two guinea subscription to the Merchants' Room. Nevertheless, the finances of the Society were in a bad way. Over £15,000

had already been expended in the fitting up of the new rooms, telegraphic and other charges led to a large increase in the annual expenditure, and the reserve funds were approaching extinction. Between £5,000 and £6,000 was raised by voluntary donations from the Members; the Indemnity Company, now on terms of close friendship with Lloyd's, contributed 100 guineas to the fund, and Lloyd's Register, already a flourishing institution, returned the whole of the £1,000 voted to the society on its foundation. It was clear, however, that a permanent increase in the revenue was essential to the stability of Lloyd's.

The only point of controversy was whether the burden should be shared by all Members and Annual Subscribers alike, or imposed wholly on the shoulders of the underwriters. The Committee favoured the latter course, and their reasons are of interest as showing the lines on which Lloyd's was now developing. They estimated the practising underwriters as not more than one-fifth of the Members; the remainder being brokers, merchants, and others, many of whom seldom visited the Rooms. Nevertheless, it was the underwriters who chiefly benefited by the increased expenditure incurred; many of them had no other place of business in the City than the Underwriting Room at Lloyd's, and to all of them the shipping intelligence was of supreme importance. Further, it was to their interest that no additional burden should be placed on the Annual Subscribers, since the sole purpose of remitting the Entrance Fee in their favour was to attract persons likely to bring business to the Underwriting Room.

A considerable number of underwriters had already voluntarily offered to increase their Annual Subscription from four to ten guineas until such time as an adequate reserve should have been built up, and the Committee's proposal to increase the subscription of all underwriters to ten guineas was carried by a large

CHAP. XVIII
1845-1870

Underwriters' subscription increased.
1846.

CHAP. XVIII majority at a General Meeting on April 22nd, 1846. A
 1845-1870 protest against going to a ballot was subsequently signed by thirty-three Members, on the ground that it was proposed, "unfairly to tax a portion of the Members of this House to provide Funds subject to the control and for the benefit of the whole body." The most important of the signatories was that stubborn veteran, Richard Thornton; among the others the name of Charles Wright is noticed with regret. Despite their protest, the ballot took place, and the resolution of April 22nd was confirmed by 125 votes to 68.

Lack of space
 and air in the
 Rooms.

The next step was the abolition of that rather anomalous excrescence on the establishment, the Merchants' Room, which proved of little real value in bringing business to Lloyd's, and occupied much valuable space. The new Underwriting Room, as already mentioned, provided only 258 seats, and the problem of accommodation speedily became acute. In 1847, only 185 Members paid an underwriter's subscription; but the number grew steadily, and while many of the old Subscribers were now dropping out, there were also many who, whether they ever wrote a line or no, clung jealously to their privileges, and their seats. Complaints of overcrowding, as well as of those other perennial grievances, draughts and stuffiness, took up too much of the Committee's time and attention. A complaint of the "great inconvenience" occasioned by "the noise of the chimes in the Clock Tower" seems to have met with as little sympathy from the Committee as it would from present day Members; but seating and ventilation were different matters, and all sorts of expedients were tried, often at heavy cost, to provide those two great objects, "pure air and ample space in the Underwriting Rooms,"¹ after which Lloyd's had toiled in vain since first it became a society.

At one time, the Committee even contemplated leav-

¹ *An Appeal to the Subscribers to Lloyd's*, Anon. (W. F. Sadler), 1854.

ing the premises on which so many thousands had been lavished, and anticipating a later development by buying or erecting a new building of their own. In 1853 negotiations were actually opened for the site of the old Excise Office in Broad Street; but the plan proved to be prohibitively costly, and an alternative solution was found in the annexation of the Merchants' Room, on which the underwriters had long cast covetous eyes. The Merchants' Room as a separate institution was accordingly abolished in 1854, and converted into a new Reading Room, while the old Reading Room was thrown into the Underwriters' Room, giving accommodation for at least seventy additional seats. A year later, in 1855, the adjacent premises of the British Electric Telegraph Company were acquired, and the Captains' Room transferred thereto; setting free the space vacated for the construction of the present Committee Room, and new offices for the Secretary and his clerks.

CHAP. XVIII
1845-1870

The Merchants'
Room absorbed.
1854.

All this cost money, and the annual expenditure was still on the up grade. The charge for Annual Subscribers and their Substitutes was increased, in 1857, from four to five guineas; but as this was accompanied by a reduction of two guineas in the underwriters' subscription, it brought no great relief, and although the subscription of marine insurance companies was raised, in the following year, from £200 to £400, the financial position had again become acute by 1859.

The problem was tackled, at a General Meeting on October 12th, 1859, in a way that left a permanent mark on the constitution of Lloyd's. By the resolutions then passed, practically without opposition, the Society was divided into three, instead of two, distinct categories: (1) Underwriting Members, (2) Non-Underwriting Members, (3) Annual Subscribers.

Underwriting
Members first
distinguished.
1859.

Underwriting Members were now required to pay £50 down, with an annual subscription of twelve

CHAP. XVIII guineas, and five guineas for each Substitute's ticket.

1845-1870 For a Non-Underwriting Member the Entrance Fee remained at £25, with an annual subscription of four guineas for himself and each Substitute. Annual Subscribers continued to pay five guineas a year. All Subscribers elected before January 1st, 1844, remained entitled to the full privilege of Underwriting Members; but Members elected after December 16th, 1857, were required to pay an additional entrance fee of £25 if they desired to take up the privilege of underwriting.

Transition to
a specialised
institution.

These changes have been dwelt upon, not for the financial reasons which bulked so large at the time (although the figures may interest—by way of contrast—the Members of to-day), but because the increasing predominance of the underwriters' position in the Society, thus formally recognised in the By-Laws, reflected the conversion of Lloyd's into a specialised institution. It had been founded, in 1771, for the convenience of "The Gentlemen Underwriters"; but its doors had at first been thrown open wide, because underwriting was not then a specialised business. In its early days, the bankers, merchants, and traders who crowded the Rooms were mostly men who at least occasionally accepted risks, in addition to placing them; but after the close of the Napoleonic Wars, the two classes of Subscribers seem to have been more sharply differentiated, and in 1850 the Committee declined to commit themselves on the question of the Mercantile Marine Bill, referred to them by the Board of Trade, on the ground that "the Members and Subscribers of Lloyd's are composed of so many various professions that what would be beneficial to one Section, might be detrimental to another." A year or two before, they had sat on the fence, probably for the same reason, on the still more important question of the Navigation Acts. The successive reforms of 1843, 1846, and 1859 gave expression to, and helped to bring

about, a clearer conception of the character and functions of Lloyd's. As the old Subscribers died out or retired, their places were taken by men actively engaged in the business of marine insurance, and Lloyd's became, almost exclusively, a society of underwriters and brokers, closely knit together by a strong community of interests. By 1860, there were 312 Underwriting Members as against 185 in 1847, while the Non-Underwriting Membership had decreased from 612 to 318. Two years later the Underwriting Members were actually in a majority, and by 1870 they comprised no less than two-thirds of the total membership. The Annual Subscribers were now mainly professional brokers, and a great increase in the number of Substitutes bore further witness to the growing volume of insurance business.¹

This change in the composition of the Society led, as will be seen in the next chapter, to a fundamental change in the relations between the underwriters and the Committee, and a great extension of the influence of Lloyd's in marine insurance affairs. Apart from these domestic and technical matters, a great deal of the Committee's time was taken up by efforts to improve the efficiency of British shipping, which had sunk very low during the last years of the Navigation Acts. From 1850 to 1860 complaints poured in from Lloyd's Agents at home and abroad, the Admiralty, and the Board of Trade, as to undermanning, bad stowage and insufficient dunnage, overloading, improper deck-loads, the use of obsolete charts, the increasing frequency of collisions, and the "growing evil" of drunkenness. All these matters were taken up by

CHAP. XVIII
1845-1870

Rapid increase
of Underwriting
Members.
1859-70.

Influence of
Lloyd's on the
progress of
shipping.

¹ The following figures will illustrate the development of Lloyd's during this period:

Year.	Underwriting Members.	Non-Under- writing Members.	Annual Subscribers.	Substitutes.	Subscribers to Merchants' Room.
1847	185	621	452	191	436
1853	257	421	769	292	492
1860	312	318	882	388	—
1870	401	216	728	456	—

CHAP. XVIII Lloyd's, alone or in co-operation with the Liverpool
 1845-1870 Underwriters' Association, Lloyd's Register, and the
 General Ship Owners' Society; but a hard fight had to
 be waged against the forces of inertia and conserva-
 tism. The Ship Owners' Society, disgruntled by the
 repeal of the Navigation Acts, opposed the introduc-
 tion of a rule of the road at sea, as tending to increase
 the liabilities of shipowners. They opposed the estab-
 lishment of a manning scale; they opposed the insertion
 in the Register Book of "the draught of water to which
 a ship should be loaded." Even the Committee of
 Lloyd's Register regarded the loadline suggestion as
 impracticable.

Services to
 commerce.

Nevertheless the work went forward, and the Members
 of Lloyd's, in their corporate capacity, had no small
 share in its progress. They provided invaluable data
 for the Select Committee on Shipwrecks, of which
 Baring himself was a member. They helped to draft
 the Wreck and Salvage Acts of 1845 and 1854, and the
 great Merchant Shipping Act of 1854. They co-oper-
 ated in the introduction of the International Code of
 Signals in 1857. In protecting the interests of the
 underwriters they performed, as on many occasions
 before and since this period, important national ser-
 vices; but perhaps the greatest of their services to
 British commerce was the reform of their own consti-
 tution, with the accompanying extension of the powers
 wielded by the Committee of Lloyd's.

CHAPTER XIX.

THE COMMITTEE AND THE UNDERWRITERS.

1845-1870.

IN its origin the Committee of Lloyd's was a "House Committee," concerned only with such domestic details as the provision of accommodation, the collection of subscriptions, and the regulation of coffee-house amenities. All matters of real importance were dealt with at General Meetings of the Subscribers, or by specially-appointed bodies such as the Policy Committee of 1779. By sheer pressure of circumstances this House Committee was led, during the great French Wars, to assume greater and greater responsibility for protecting the collective interests of the Subscribers; but down to the Chairmanship of Thomas Baring, it had exercised very little direct influence on the conduct of their business. The distinction drawn between Underwriting and Non-Underwriting Members, and the final establishment of the former as the controlling interest in the affairs of Lloyd's, led to a demand for a severe censorship in the admission of Underwriting Members; but the Committee's powers, under the Trust Deed of 1811, were very limited, and a growing realisation of their inadequacy paved the way, between 1850 and 1870, for yet one more drastic re-organisation of the constitution of Lloyd's.

Committee's
increased
activities.

As always, the impulse to reform came from the need for dealing with a definite, practical problem. The immense expansion of commerce between 1845 and 1870 had its seamy side. The growth of trade outstripped the development of financial science, and a series of catastrophes culminating in the great Overend-Gurney crash of 1866, the "Black Friday" of British banking, bore witness to the effect of pouring the new wine of

Banking
failures.

CHAP. XIX modern commerce into the old bottles of an antiquated
1845-1870 financial system.

Mushroom
insurance
companies.

There were many at Lloyd's who suffered by these disasters; and the marine insurance market itself was directly affected. The passing of the Joint Stock Companies Registration Act in 1844, was followed by an orgy of unbridled speculation, and in the single year 1845—the year of the great railway mania—thirteen new marine insurance companies were founded, of which only one had so long a life as three years. The transfer of the bulk of American underwriting to British hands, as a result of the Civil War, was responsible, in the sixties, for a new crop of companies, many of them hopelessly unsound. Neither the earlier nor the later group seriously threatened, at the time, the supremacy of Lloyd's; but their rate-cutting competition tended, without much benefit to themselves, to render the business of underwriting unprofitable; and this tendency became strongly marked at the close of the American Civil War, when the business diverted to Great Britain during that great struggle began to flow back into its accustomed channels, and the new companies were driven to quote unremunerative rates, in order to retain their share of a shrinking market.

Failures
at Lloyd's.

This combination of adverse circumstances led to many failures at Lloyd's. The majority of them may have been due to outside speculation rather than to unsuccessful underwriting; but the increased prominence of the underwriting element in the constitution of the Society was accompanied by a growing tendency to make the stability of the individual the concern of the whole body. So early as December, 1851, a new By-Law was passed, providing that any Member or Annual Subscriber who became bankrupt or compounded with his creditors should be removed, automatically, from the list, and the Minute Books show only too clearly that this was no idle threat. At a single meeting of the

Committee in April, 1855, nine Members and sixteen Annual Subscribers were struck off the roll.

CHAP. XIX
1845-1870

Prevention is better than punishment, and on May 22nd, 1855, Mr. C. B. Carruthers put forward the epoch-making suggestion that "provision should be made by the By-Laws for taking security, for a time, from Members who commence underwriting in their own name." It will be remembered that a similar proposal made in 1810 had been scouted as impracticable by Angerstein himself, and the Committee of 1855 hesitated to bring forward so revolutionary a measure without clear evidence that it was in accordance with the feeling of the Room. For nearly two years nothing was done; but the urgency of the question became more and more manifest, and in January, 1857, the Chairman himself submitted a "proposed legal form of guarantee to be given by Members in certain cases on introducing other persons as Members."

Proposal for
security from
underwriters.
1855.

This form was submitted to the Society's Solicitors, who were of opinion that the Committee should be content with an "honorary engagement," as it was inadvisable for them to exact a legal guarantee. The Committee themselves appear to have regarded the matter as lying within their own unfettered discretion. It was never brought before a General Meeting, and it is not until several years later that any specific mention of a guarantee appears in the Committee minutes; but from later references it is clear that, from 1858 onwards, guarantees of some kind were occasionally demanded. The Committee also took the opportunity of a General Meeting in March, 1859, to urge on Members and Subscribers the importance of strict enquiry before recommending candidates.

System of
guarantees
developed.

So matters went on until 1865, when the system was placed on a more regular basis by a resolution of the Committee that no guarantee for an Underwriting Member should contain any limit of time, or be for a

CHAP. XIX less sum "than will amount with the proposed Member's own capital, to £10,000." At the same time
 1845-1870 Messrs. Freshfield and Newman prepared a fixed "form of Covenant" between an Underwriting Member and his Surety and the Trustees of Lloyd's. This form was revised in 1866, by Mr. Charles Walton, who prepared, in the following year, a form of guarantee for Annual Subscribers, "limited to Premiums owing to Underwriters, Members of Lloyd's," with a minimum of £2,000. Three years later, this was reduced to £1,000, but the guarantee was extended to cover partnership debts. The guarantee required for Underwriting Members varied at the discretion of the Committee. In July, 1867, Sir John Lubbock, afterwards Lord Avebury, guaranteed his brother Alfred, the great Eton cricketer, for £5,000; but in the previous year a guarantee of twice that sum had been given for another Member.

The first
deposits.
1866.

Meanwhile, a new and very important development had crept in. Towards the end of 1865, an Underwriting Member agreed, in lieu of a guarantee, to deposit £5,000 in a London Bank, and in January, 1866, a deed of trust, drawn up by Mr. Walton, was approved for this purpose. At the same time three other gentlemen were elected Underwriting Members subject to a deposit of £5,000 each, which was satisfied by the transfer of approved securities to a trust account.

Proposal for
compulsory
deposits.
1870.

From 1866 to 1870 the system of guarantees and the system of deposits went on side by side, without any sanction in the By-Laws, and without any attempt to fetter the discretion of the Committee as to which, if either, course should be adopted. It was not until May, 1870, that the proposal was made, in a requisition signed by Mr. S. I. Da Costa and thirty-six other Members, for a compulsory deposit of not less than £5,000 in all future elections of Underwriting Members, and by that time, the question had become one item only in a far reaching scheme of reform.

It would scarcely be too much to say that Mr. Da Costa and his associates were the founders of the modern Lloyd's. They probably did not foresee that the rule which they proposed would inevitably lead to regulations of increasing stringency for the purpose of placing the security of a Lloyd's policy beyond doubt. Even the desirability of this ideal was not generally recognised. Men who conducted their business in a manner which inspired confidence received, from brokers and merchants seeking insurance, a preference over less stable groups. Men so trusted did not always favour the creation of conditions which would tend to put them on an equality as regards security with less business-like underwriters. It was of course obvious that the mere exaction of a £5,000 deposit would be no more than a palliative. But it might reasonably have been predicted that the Society, having taken an important step towards unquestionable security, would take other steps until the ideal was attained. This involved measures from which the pioneers of 1870 would have shrunk with dismay, but the measures were as certainly implicit in their reform as the grown man is implicit in the child.

The amount of the deposit was eventually fixed at a minimum of £3,000, an amount which was, in 1887, increased to £5,000 on the motion of Mr. John Glover. By March, 1873, the deposits had reached a total of £420,000. By 1877, the deposits and guarantees amounted to £1,150,624. In 1887, Underwriting Members elected before the deposit system was imposed on all new Members, decided that they would themselves provide security voluntarily. The investments held on behalf of Depositing Members then amounted to £2,144,355 and the guarantees to £1,129,500. It will be seen later how vastly this sum is now exceeded.

Mr. Solomon Israel Da Costa, therefore, deserves a place in this record. The Committee of Lloyd's some-

CHAP. XIX
1845-1870

Importance
of deposit
proposals.

Growth of
the deposits.

CHAP. XIX times includes men whose light as underwriters does
 1845-1870 not shine with a dazzling effulgence, but who are nevertheless excellent servants of their generation. Mr. Da Costa was such a man, somewhat irritable, but with a sense of humour and much pertinacity.

The Running
 Down Clause.

At the same time that the Committee were taking these measures to ensure the stability of the individual underwriter, they were busily engaged in other matters of import to commerce generally and particularly to underwriting. Three questions, amongst others, occupied much of their attention during these years—the Running Down Clause in policies; the adjustment and examination of claims; and the rules of general average.

The Running Down Clause in a hull insurance stands first among those supplementary clauses mentioned in Chapter VI as invariably attached to the old form of Lloyd's policy settled in 1779. It covers the shipowner against his liability for damage done by his ship, in collision, to another vessel or her cargo, and differs essentially from the rest of the policy because it deals solely with the shipowner's liability to third parties, and not with the thing insured. It is thus a separate contract attached to the main contract. It is a modern device, introduced originally by the Indemnity Assurance Company, with a misgiving which evinces itself in the fact that the Assured was left with one-fourth of the liability.

The Underwriting Members of Lloyd's appear, at first, to have disliked the clause, from a conviction that it rendered Masters less careful and so increased the frequency of collisions at sea, and in 1850 and 1854 they endeavoured to procure from the Board of Trade some legislative restriction on its adoption. The Board found much legal difficulty in dealing with the question, and as some underwriters and marine insurance companies thought it could best be met by an increase

of premium, the matter was allowed to drop. A few years later, however, the shipowners made a determined attempt to transfer to the underwriter their responsibility for loss of life or personal injury, and this it was considered necessary to resist more obstinately. Ultimately, the Committee reported, in March, 1861, that they had procured the addition to the Clause of the following words:

“But this Agreement is in no case to be construed as extending to any sums which the Assured may become liable to pay or shall pay in respect of loss of life or personal injury to individuals, from any cause whatever.”

Personal
injury
excluded.
1861.

The Clause has subsequently undergone much revision, sometimes with the object of decreasing the underwriter's liability and sometimes with the object of increasing it. As an example of the latter process, it may be mentioned that, in December, 1885, Mr. William Walton formulated a new clause and explained that it had been argued that the former clause did not include demurrage, nor liability for a second collision consequent on the first.

The whole controversy is chiefly interesting as an example of the changes that were taking place at this period in the conditions of marine insurance. The development of steam navigation, and especially the enormous increase in the dimensions of individual vessels, has involved the shipowner in liabilities for which some form of insurance is essential. This want is now supplied by Mutual Associations known as “Protection and Indemnity Associations,” but the risks covered by these Associations are sometimes accepted by underwriters. Anyone asking what “Protection and Indemnity” means to-day would receive in reply a considerable pamphlet, which would itself require elucidation by many legal decisions.

Protection and
Indemnity.

Another addition to the policy, made a few years later, may conveniently be noted here, since it too sprang out of the growth of commercial facilities be-

CHAP. XIX tween 1845 and 1870. Improved means of communication—the substitution of steam for sail; telegraphs and ocean cables; the development of the system of Lloyd's Agencies; the great growth in the power and influence of the Salvage Association; the multiplication of shipwright, engineer, and cargo Surveyors; all these have resulted in an enormous increase of the functions of the underwriting community—and all these developments are the work of the last century. Prior to this epoch, almost everything depended on the shipmaster, his officers and crew. When a vessel got into trouble, the Master had to act on his own initiative, and within the memory of men now living, the instruction most frequently given by underwriters was the not very helpful injunction to “act as if uninsured.” On the other hand, the more enterprising underwriter who desired to interfere was sometimes accused of establishing a system of espionage, involving the attribution of undesirable qualities to the assured. In some cases, a very difficult situation arose. The assured would tender notice of abandonment, which the underwriter declined. Then it was argued that, if the underwriter took steps to save the property, his action amounted to an acceptance of abandonment; whilst, if the assured took such action, it was held to amount to a waiver. To remedy this *impasse*, the Waiver Clause was devised and added to the policy in 1874. Unlike the Running Down Clause, this is an integral part of the Lloyd's Policy itself—not a marginal supplement—and it was the first actual addition to the text of 1779.

The Waiver
Clause.
1874.

General
Average
problems.

A cognate subject claimed a great deal of the Committee's attention, between 1860 and 1870, viz., the adjustment of General Average. This device is independent of, and probably preceded insurance. In the course of a voyage, sacrifices may be made and expenditure incurred for the common good, and it follows

SHIP'S NAME.

CAPTAINS.

Arrivals posted in Black, Sailings and Speakings in Red, and all Paragraphs in Blue.

Port of Registry.

Net Tonnage

Titanic

Str
owners-Bremer & Co. of London

10/4/12 E. J. Smith. (Capt)
Chief mate - N. J. Wilde
1st mate - W. M. Murdoch
2nd mate - G. H. Lightoller

21831

~~40,000~~

Arr. Standard
Mch 7/12

10/4/12 E. J. Smith. (Capt)

owners-Bremer & Co. of London

Chief mate - N. J. Wilde

1st mate - W. M. Murdoch

2nd mate - G. H. Lightoller

Apr 11/12 W. J. Smith. (Capt)

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Apr 11/12 W. J. Smith. (Capt)

that such sacrifices or expenditure must be rateably divided over the interests benefited. The sea experiences of S. Paul form an admirable basis for a General Average Adjustment. CHAP. XIX
1845-1870

In this matter the confusion was very great, because the law and practice of various countries differed greatly one from another. In 1862, the Committee of Lloyd's, appealed to by the Liverpool Underwriters' Association as to the Customs of Lloyd's, drew up an approved form of General Average Rules, which, however, did not meet with general acceptance. Out of these troubles there arose a succession of international conferences, which resulted in the formation of the code known as the York/Antwerp Rules, a provision for which is usually incorporated in Charter Parties and Bills of Lading. In 1878, the Committee appointed representatives to join with the Companies for the purpose of considering these rules. The Committee so appointed reported adversely in 1879, but did not finally condemn the rules. As this code involved indirectly a considerable extension of the underwriters' liabilities, the efforts of Lloyd's were mainly devoted to criticism and modification. At a General Meeting in June, 1878, the rules were somewhat angrily criticised, but Mr. John Glover sardonically observed that, as York/Antwerp Rules must inevitably be adopted, and as before many months had elapsed Lloyd's Underwriters would be writing General Average as per York/Antwerp Rules, "it would be more dignified for the Corporation to accept the inevitable with a good grace." Mr. Glover's prophecy was literally fulfilled and York/Antwerp Rules, modified from time to time, have become part of the regular machinery of commerce.

Development
of the York/
Antwerp Rules.
1862-78.

The adjustment of marine insurance claims is now dealt with by highly skilled professional men known as "Average Adjusters;" for the development of commerce has brought with it complications unknown

CHAP. XIX
1845-1870

Brokers as
adjusters of
claims.

prior to the last century, in the early years of which insurance brokers had not given up the practice of adjusting their clients' claims. One such broker, the late Mr. Joseph Gibson, of Dundee, continued to adjust his clients' claims down to the beginning of the present century, and his statements had a high reputation for judicial fairness. But about the middle of the 19th century, the need for some authority and uniformity in practice was keenly felt. Grave difficulties arose when casualties occurred. These were met partly by the formation of the Salvage Association in 1856, which is fully dealt with in another section of this work, and partly by the institution of the Agency Committee—a body representing both Lloyd's and the Companies, which exercises advisory functions in connection with the appointment and conduct of Lloyd's Agents.

The Average
Adjusters'
Association.
1869.

When, however, a casualty had been dealt with, there came the difficulty of adjustment. Sacrifices had been made, expenditure incurred, and very often problems of great intricacy had to be solved; but the principles governing these problems had nowhere been clearly and authoritatively laid down. These difficulties were partially met by the formation of the Average Adjusters' Association in 1869. This movement was naturally connected with Lloyd's; for in those days Adjusters were constantly in attendance in Lloyd's Room, and some of the rules of adjustment were known as the "Customs of Lloyd's." But some Members, amongst them Mr. Da Costa, were still unsatisfied. They called for the appointment of an Examiner of Claims.

Proposed
Examiner
of Claims.

The individualism characteristic of Lloyd's was opposed to the centralisation involved in this proposal, and several decades passed before its adoption in our own day. The advantages of the change no doubt greatly outweigh the disadvantages. But the drawbacks exist. The examination of claims increased the

underwriter's knowledge of his business and helped to form his judgment. It was an important element in the training of young underwriters, and the individual manner of dealing with claims had a proper influence on the relations between underwriter, broker and assured.

CHAP. XIX
1845-1870

These were developments of even greater importance in the law and practice of marine insurance than in the history of Lloyd's as an institution; but the Committee were also called upon to deal at this period with a number of questions relating to the practices of Lloyd's itself, which were of great significance as showing the inadequacy of the existing constitution.

Sanctity of
the slip.

So early as November, 1849, a somewhat unpleasant light was thrown on conditions in the Room by the fact that numerous Subscribers thought it necessary to suggest a new By-Law, "to compel parties to sign policies in accordance with the slips to which they have previously signed their initials." There could be no doubt as to what was dictated by the traditions of Lloyd's, but the Committee considered that it was not legally competent for the Members to adopt a By-Law to this effect, and declined to put the matter forward officially. They were prepared, however, to throw the whole weight of their authority on the side of fair dealing, and in January, 1859, they gave a definite ruling on a dispute between a broker and an underwriter:

"That according to the practice of Lloyd's, every Underwriter ought to sign a Policy if it is filled up in accordance with the slip which he has initialled."

This proposition is not altogether beyond challenge. Between the time of the initialling of a slip and the issue of the policy, the underwriter may have received information indicating misrepresentation or even fraud, and if he then issued a policy, his defence might be embarrassed. This difficulty has sometimes been met

CHAP. XIX by a notification on the face of the policy that it has
 1845-1870 been issued under protest and without prejudice, to enable the assured to take legal action.

Earlier
 payment
 of claims
 desired,
 1865.

The question of legal competence was raised again in May, 1865, when a deputation waited on the Committee to urge that some definite action should be taken to secure more prompt payment of claims. Some six years earlier, in September, 1859, the Committee themselves had urged on Members and Subscribers, at a General Meeting, the great importance of promptitude and punctuality in payment of Loss Accounts; but what was now suggested went beyond the question of prompt payment on the date fixed by existing practice; the proposal was to effect payment at an earlier date than the customary one month after settlement of the account.

Limited
 powers of
 Committee.

The Committee wisely consulted their legal advisers, and Counsel advised that the underwriter could only discharge his obligations by payment to the broker according to the usual practice. If he paid before the end of the month, and the broker failed without accounting to his principal, the underwriter himself would be liable. They added that the Committee had no legal power to alter the existing system, but that a resolution recommending the endorsement of every policy with a memorandum providing for payment of losses to the broker within seven days after settlement, would hasten the time when a new practice would supersede the old, and become equally binding on all persons authorising brokers to effect insurances at Lloyd's.

Gambling
 policies.
 1867.

This suggestion does not appear to have been adopted, and in 1870 the whole question came up again. Meanwhile the attention of the Committee had been called to a recrudescence of the old scandal of "speculative insurances," and in February, 1867, a notice was posted appealing for the "moral support and active

co-operation of the Members and Subscribers" in CHAP. XIX
excluding this class of business from the Room. 1845-1870

A feeling that all was not well in the Room, as well as a reflection of the general unsettlement caused by the great Overend-Gurney disaster, may be traced in the form of the tributes paid to Mr. Baring, who resigned the Chairmanship in March, 1868, owing to pressure of business and increasing years. In moving a resolution of thanks for his eighteen years of devoted service, Mr. George Fenning referred to him as:

Tribute to
Thos. Baring
who retires.
1868.

"A gentleman long standing on the highest commercial pinnacle, a man of undoubted talent, of rare and refined taste, of the strictest integrity in word and deed, and, what is of very considerable importance in these days, of spotless and unsullied commercial reputation."¹

The Secretary's resignation preceded the Chairman's by only a few weeks, and no fewer than 176 candidates came forward for the vacant post, among them another naval officer destined to attain greater distinction than Halsted. This was Commander P. H. Colomb, R.N., afterwards Vice-Admiral Colomb, whose great work on *Naval Warfare* gives him a place beside Mahan and Laughton among the founders of scientific naval history. Fortunately, as it turned out, for the development of naval thought in this country, Commander Colomb's candidature was unsuccessful, the choice falling on Mr. Benjamin Charles Stephenson, a Civil Servant. In later years the naval traditions of the office were revived by the choice of Admiral Sir Edward Inglefield, as successor to Colonel Sir Henry Hozier.

It was less easy to find a successor to Baring. Both the growing wealth and influence of Lloyd's, and the disturbed state of commercial affairs, made it more than ever important to have a Chairman whose personal authority would carry weight with the outside world. It seems to have been felt that financial stand-

¹ *Morning Herald*, March, 1868.

CHAP. XIX ing and political influence were of more importance
 1845-1870 than experience in underwriting or leisure for the routine work of the Committee. The By-Law providing that Members of the Committee must have been Members of Lloyd's for at least three years, was accordingly suspended, and an invitation given to the Rt. Hon.

Goschen as
 Chairman.
 1868.

George Joachim Goschen, who was not, at the time, a Member of Lloyd's, but had already made a great name for himself by his *Theory of the Foreign Exchanges* (1861), and although still in the thirties, had achieved a high position both in the City and in politics. He was M.P. for the City, a Cabinet Minister, and a Director of the Bank of England. A fine speaker, highly educated, with enlightened, though "safe" views, he was an acquisition to any institution fortunate enough to secure his services, and was peculiarly fitted for the Chairmanship of Lloyd's, in the more or less honorary form which the office at that time assumed. It is a tribute to the estimation in which Lloyd's was held, that the invitation was at once accepted. Mr. Goschen, however, seldom attended either Committee or General Meetings, the Chair being taken at the latter by the Member in Attendance. Goschen himself was held in reserve as heavy artillery to be brought up on great occasions.

Resolution
 for prompt
 payment
 of claims.
 1870.

One of the first important incidents of Goschen's Chairmanship was a revival of the proposal for earlier payment of claims. In February, 1870, a request was made to the Committee by numerous Members and Subscribers that the custom of Lloyd's should be altered, so as to make claims payable ten days, instead of one month, after settlement. Again Counsel advised that neither the Committee nor the Members in General Meeting had any power "to make a rule that would be binding as such, either upon dissentient members or upon the public," and they went on to state in general terms that:

"The rules and regulations contemplated by the deed executed by

subscribers, appear to apply only to the management of the affairs of the House, and they could not be extended to the regulation of the mode of carrying on the business of insurance by the individual Subscribers."

CHAP. XIX
1845-1870

As on the previous occasion, Counsel suggested the passing of a Resolution, as the best means of setting a new practice on foot, which would gradually acquire the force of a binding custom. A Special General Meeting was accordingly called for May 4th, 1870, at which a Resolution was passed:

"That on and after the 1st July next, payment upon a Policy of Insurance, upon which a loss has been adjusted, shall be made on the seventh day after the settlement of such loss:"

and this Resolution was extensively advertised in the Press. By this time, however, the whole question of the powers exercisable by the Committee, or by the Members in General Meeting, under the Trust Deed of 1811, had been brought to a head by an incident, the consequences of which led directly to the next great step forward in the development of modern Lloyd's.

CHAPTER XX.

INCORPORATION.

1871.

Case of the
'Venezuelan,'
1870.

IN March, 1870, the steamer *Venezuelan* was disabled in the Atlantic. The Managing Director of the Company owning the steamer was also a Member of Lloyd's, and he underwrote a line of £2,000 at 50 guineas per cent. At the time when he telegraphed from Liverpool instructions to accept the risk, he was in possession of a letter in which the Captain stated that he was not at all uneasy about the ship and gave reasons for that view. After wiring instructions to the Master, he communicated the letter to the Liverpool Underwriters' Association, but neither he nor the Association wired its contents to London. After enquiry by a Sub-Committee, the Committee of Lloyd's took an unfavourable view of the Member's conduct and sought to exclude him. The Member, however, instituted a suit in Chancery against the then Chairman, the Rt. Hon. G. J. Goschen, M.P. Eventually, in May, 1873, the Lord Chancellor delivered Judgment against the Committee, exonerating the Member in question.

Incorporation
applied for.
Nov., 1870.

Now the Sub-Committee having given its report on June 22nd, 1870, and its finding having been adopted by the Committee and by a General Meeting, instructions were given, on November 2nd, to take Sir Roundell Palmer's opinion as to the power of the Committee to exclude a Member under the By-Laws. On November 9th the Committee resolved that, "as some time must elapse before any judgment can be given in the Chancery suits of *Forwood v. Goschen and others* and *Ross v. Goschen and others*" the solicitors be authorised "to take any steps that may be necessary to enable the

Members of Lloyd's to apply for an Act of Parliament during the ensuing session for the general benefit of the Institution in the event of its being deemed advisable to take such a step." The *London Gazette* of November 29th, 1870, contains the notice of Application for Incorporation. The Bill was endorsed by the Rt. Hon. G. J. Goschen, Rt. Hon. Stephen Cave, Mr. Thomas Baring, and Mr. R. W. Crawford, all Members of Lloyd's. It was opposed by the Litigants and by the General Ship Owners' Society, and was amended to meet the latter's objections.

It passed into law on the 25th May, 1871. Meanwhile, a Sub-Committee had, in December, 1870, submitted revised By-Laws which were adopted in January, 1871; but when the enforcement of a By-Law was requisite, the old Constitution of the Society, if not ineffective, was, in many respects, deficient. The Act of Incorporation was designed to remedy this defect.

Its effects were summarised by the Committee as follows:

"The Members, on reference to the Act of Incorporation, will observe that the Constitution of Lloyd's as contained in the Deed of Association and the Old Bye-Laws has been adhered to as closely as possible. The same freedom of action which has hitherto been enjoyed by the Members in the conduct of their business has been carefully preserved.

"The Society will henceforth be recognised by the Legislature, with statutory powers to make its own Bye-Laws.

"The Society can acquire for itself real as well as personal property, and will be in a position to do all acts in its Corporate name."

While the traditional conservatism of Lloyd's was satisfied by adhering "as closely as possible" to the old constitution, the Act of Incorporation constituted, in two respects, a very important advance. Corporate action in "the protection of the interests of the members of the Society in respect of shipping and cargoes and freight," the detection of frauds, and the like, was greatly facilitated. Legal sanction was given to the By-Laws from time to time made in General Meeting.

CHAP. XX
1871

Lloyd's Act.
May, 1871.

Nature of
the Act.

CHAP. XX In a Schedule to the Act there were set down for all
 1871 time "the fundamental rules" of Lloyd's. These rules related to the division of the society into Underwriting Members and Non-Underwriting Members, and the prohibition of underwriting in the Rooms by or for any person who was not an Underwriting Member. They further gave formal legal expression to the old principle of "each for himself," by prohibiting underwriting "in the name of a partnership or otherwise than in the name of one individual for each separate sum subscribed."

New By-Laws.
 Compulsory
 deposits.

The revised By-Laws, to which the Act gave legal force, were modelled very closely on the old, but with three important innovations. The exaction of a deposit, fixed for the time being at a minimum of £3,000, from new Underwriting Members, was made universal and compulsory. The Agency Committee was, for the first time, officially recognised in the By-Laws, and provision made for the representation of the insurance companies on the Committee. The post of Deputy Chairman was created, in order to ensure continuity in the proceedings of the Committee, which had recently been presided over by the Member in Attendance, except on the rare occasions when Goschen was present.

The enforcement of the Committee's Regulations sometimes involved a mild use of force—

In October, 1871, Mr. Andrew Walls, a personality remembered by some old Members still living, refused to allow Mr. Stanley Hoole to occupy a seat allotted to him by the Committee. The result was that:

"Orders were issued to the Secretary to cause any person other than Mr. Hoole or his nominee occupying the seat in question on and after Monday 23rd instant to the exclusion of Mr. Hoole, to be removed from it by one of the servants of the Corporation, due care being taken that in effecting the removal as little force be used as necessary."

Under the Act of 1871 the rights of the individual Member are carefully safeguarded, and the Committee,

as such, has no power to exclude him. He ceases to be a member *ipso facto* when he is convicted of infamous crime, or adjudged by a competent court to have committed any fraud, or should he become bankrupt or insolvent, or place his affairs in the hands of inspectors or trustees, or make or propose any composition with his creditors, or fail during a prescribed period to pay his subscription or other sum due under the By-Laws. But if it is sought to expel him "for any act or default discreditable to him as an underwriter or otherwise in connection with the business of insurance" (such as the *Venezuelan* transaction) he can be so expelled only after the most exhaustive procedure, culminating in a vote of a General Meeting called specially for the purpose, and even so there must be a four-fifths majority in a meeting of not less than a hundred members. Since the passing of the Act no expulsion has taken place under this section.

CHAP. XX
1871

Rights of
Members
defined.

Prior to the Act of Incorporation Lloyd's was a loosely organised Society, and it would seem that there was very little power exercised by the Society over individual Subscribers, excepting that pressure of general opinion, the force of which transcends all rules, and is to-day a greater influence than all enactments or By-Laws. It is by no means suggested that Acts, By-Laws, and Rules are superfluous; but their chief value, apart from legal forms concerning the holding of property, is that they give the force of law to principles of action which have already received general assent.

The sense of solidarity following upon incorporation is evinced by the decision in March, 1873, to impress on each Lloyd's policy a distinguishing stamp. It had been found that persons, other than Members of Lloyd's, issued policies indistinguishable from Lloyd's policies, and there was of course the possibility that such policies might be accepted by the insured under the impression that they emanated from Lloyd's. The

Lloyd's stamp
on the policy.
1873.

CHAP. XX importance of this step was not manifest at the time.
 1871 It will be seen in a succeeding chapter that it has been followed up in a remarkable manner.

Rights of
discipline
reserved to
Corporation.

The Act of Incorporation seems to have been framed with remarkable wisdom and foresight. It has stood the test of experience and its main principles have remained unaltered. It reserves ultimate disciplinary powers over Members, not to the Committee but to the Corporation itself, and the Corporation's powers in this respect are jealously guarded against tyrannical abuse. The Committee of Lloyd's bears ever increasing responsibilities; but when individual rights are concerned it can and does act only as the organ of the general sense of the "Room" and, even so, it is found in practice that private remonstrance easily achieves the desired effect, without resort to official action by the Committee. In no case has it been found necessary to use the tremendous engine of the General Meeting because, in the few instances where reprehensible conduct has been discovered, the offending Member has bowed to the inevitable, and resigned.

In reviewing the development of Lloyd's which has covered more than two centuries, this epoch of Incorporation is seen to be the culmination of that evolution of which the first stage was marked by the formation of New Lloyd's in 1769, the second by the move to the Royal Exchange in 1774, and the third by the execution of the Trust Deed in 1811; so that the men of 1870 take rank with Angerstein, Brook Watson, and Marryat, whose inheritance they enjoyed and whose labours they consummated.

Increased
corporate
activities.

While the chief object of the Act of Incorporation was to increase the power of the Society over its Members, the closer-knit constitution of Lloyd's, and the increased spirit of solidarity derived therefrom, have been reflected in a great increase of its corporate activi-

ties, which have, indeed, been greatly facilitated by the powers conferred on the Corporation by the Act itself. This increase in the corporate activities of Lloyd's, as distinguished from the business transactions of the individual Members, has been particularly notable in the development of the Agency System, and the establishment of Lloyd's Signal Stations, to supplement the shipping intelligence obtained through other channels.

It has been shown elsewhere that the loose form of association which characterised Lloyd's down to the very end of the eighteenth century made the appointment of agents impracticable; but that under the better, though imperfect, organisation of the early nineteenth century, the powers of attorney given by individual underwriters to their own agents were cancelled, and many Agents of Lloyd's were appointed. In the year 1820 there were 269 agencies and five sub-agencies; by 1860 the number was doubled. After Incorporation a further enormous increase took place, so that in 1880 there were 605 agencies and 403 sub-agencies. Later years have been marked by a great increase in the number of sub-agencies; because, in view of the great development of means of communication, it has been deemed advisable to place large areas under the control of the Agents at the principal ports, with sub-agencies at the less important towns. At the present time there are over 1,500 agencies and sub-agencies. The Committee of Lloyd's, assisted by the Agency Committee, takes, of course, adequate measures to obtain the services of the best firms or individuals available, and in making the selection the Committees often receive valuable help from the British Consular Service. The Agency system has worked with remarkable efficiency, and the Agents, speaking generally, have obtained and retained the confidence not only of Lloyd's but of the Marine In-

CHAP. XX
1871
Growth of
the Agency
system.

CHAP. XX insurance Companies and of the mercantile community
 1871 throughout the world. Considering how many agencies and sub-agencies have existed for a century, the number of those who have failed to fulfil their duties satisfactorily is remarkably small.

Duties of
 the Agent.

The duties of Lloyd's Agents have increased from decade to decade, and at the present time most policies issued in London, whether by Lloyd's or by Companies, contain a request that, in case of damage, the nearest Lloyd's Agent be consulted. Claims on many policies issued by foreign, as well as by British underwriters and Companies, are made payable by the Agents, either in their capacity of Lloyd's Agents, or in virtue of holding, as many do, the position of Agents for the Companies concerned. In essentials, however, the Agent's duties remain very much what they were in 1811. He is appointed by Lloyd's primarily to supply information as to arrivals, sailings, casualties, and other matters on which underwriters desire to be informed. He is of course constantly used by the Salvage Association in dealing with casualties, and whilst he is always Agent for the Corporation, he frequently becomes, by special authority given either through Lloyd's or through the Salvage Association, agent for the underwriters interested in particular casualties. In these cases his position is merely advisory; he reports the facts, gives his advice, and acts on his instructions. Originally expected to deal only with marine insurances, he may now be called upon to advise and assist in the immense range of perils, marine and otherwise, against which underwriters insure. Finally, while Lloyd's Agents are not appointed for the purpose of canvassing for insurances or issuing policies, they are naturally expected to be helpful to Lloyd's in influencing business where action of that kind can properly be taken.

The establishment of Lloyd's Signal Stations was a

later development than the Agency system. Although the provision of prompt and accurate news as to arrivals, sailings, casualties, and shipping movements had always been one of the primary functions of Lloyd's, and the Act of Incorporation specifically recites that one of the objects of the Society is the "collection, publication and diffusion of intelligence and information with respect to Shipping," it was not until 1869 that the first Signal Station under the direct control of Lloyd's was established at Deal. The second, at Dover, followed in 1876. After this the system was greatly extended, largely by the exertions of the Secretary, Sir Henry Hozier, whilst his successor, Sir Edward Inglefield, rendered important services in improving the methods of signalling both by day and by night. By 1884, Lloyd's had their own signalmen working at seventeen Signal Stations in Great Britain and six abroad. In 1888 an Act was passed giving to Lloyd's compulsory powers for the acquisition of land, powers which are useful and persuasive even though they may not be enforced. The system developed so rapidly that, by 1891, there were 40 Stations in the United Kingdom and 118 in the colonies and in foreign countries, all either controlled by or allied to Lloyd's. To-day there are 28 Stations in Great Britain and 134 abroad. The development of wireless telegraphy has naturally tended to a reduction in the number of stations; for it must be remembered that information now comes to Lloyd's not only from stations under its own control, but also from all the Coast Wireless Stations in the World. Wireless telegraphy has in fact supplemented rather than superseded the older methods, and most of Lloyd's Stations are now busier than they were before the advent of Marconi's remarkable invention.

CHAP. XX
1871

Lloyd's Signal
Stations.

Wireless.

Marconi took out his first English patent in 1896, and in 1898 his apparatus was experimentally installed by

CHAP. XX Lloyd's between Ballycastle and Rathlin Island, a distance of seven miles. The success of this experiment resulted in an agreement with the Marconi International Marine Communication Company, under which several wireless stations equipped with the Marconi apparatus and worked by Lloyd's operators were instituted. Under the Act of 1904 these stations were taken over by the Government.

Increase
in night
signals.

The use of night signalling has also been enormously increased, partly by the efforts of Lloyd's. An ineffective system of pyrotechnic signalling has been replaced by an adaptation of the Morse Code, first by means of a ship's lantern with a moveable shutter, and afterwards by specially contrived flashing lamps, the dots and dashes being expressed by long and short flashes. So efficient is this system that it is now easier to signal by night than by day, and vessels equipped with powerful apparatus use lamps and searchlights for day signalling. The number of flashing lamp signals observed, increased from about 2,000 in 1908 to over 50,000 in 1926.

It is estimated that the expenditure of Lloyd's on Signal Stations and wireless telegraphy during the last half century exceeds the direct revenue by about £150,000. At the beginning of the present century, the Admiralty desiring that the Coast Guard should practise commercial signalling, an agreement was arranged between the Admiralty and Lloyd's under which, until 1951, Admiralty signalmen work most of the stations in Great Britain.

Lloyd's Signal
Stations in the
Great War.

The existence of these stations at the outbreak of the Great War made it possible to warn vast numbers of vessels to keep clear of the more dangerous areas, and in many cases to change their destination. Throughout the War, Lloyd's wireless station at Port Said, directed by Naval Authorities, was the means of obtaining assistance for vessels torpedoed in the Eastern Mediterranean.

In the earlier days of signalling, arrangements were made with foreign governments, under which reports of all casualties, and requests from vessels to be reported to Lloyd's or to their owners, should be telegraphed immediately to Lloyd's. These arrangements have now been extended to Wireless Stations. The Intelligence Department at Lloyd's keeps in close touch with the International Wireless Bureau at Berne, so that any changes in wireless stations abroad can be known at Lloyd's; and to-day it is possible, through the wireless organisation at Lloyd's, to send a message to, and receive a reply from, any ship at sea equipped with wireless apparatus. Consequently, shipowners now constantly make use of Lloyd's when they want to communicate special instructions to a Master in foreign waters; and a vessel half-way across the Atlantic can be diverted from Baltimore to New Orleans, or a steamer in the Indian Ocean ordered from Colombo to Singapore.

CHAP. XX
1871

A world-
wide net.

“And if ‘Beavers’ took their cargoes
To Penang instead of Lagos,
Or a fat Shaw-Savill bore
Passengers to Singapore,
Or a White Star were to try a
Little Trip to Sourabaya,
Or a B.S.A. went on
Past Natal to Cheribon,
Then great Mr. Lloyd's would come
With a wire and drag them home!”¹

Before passing on to still later developments in the constitution and activities of Lloyd's, a few words must be said on a subject of some interest which is dealt with incidentally in the Act of Incorporation. The preamble to that Act recites that, “in or about the year 1799 a vessel of War of the Royal Navy, named the *Lutine*, was wrecked on the Coast of Holland with a considerable amount of specie on board.” It

The ‘Lutine.’

¹ Kipling, *Just So Stories*.

CHAP. XX goes on to relate that long subsequent to the wreck,
 1871 and at a period when the names of the underwriters could not be ascertained, a sum of twenty-five thousand pounds from salvage out of the wreck had come into the possession of Lloyd's. Clause thirty-five of the Act provides with customary solemnity that the said £25,000 and any further salvage "shall be applied for purposes connected with shipping or marine insurance according to a Scheme to be prepared by the Society and confirmed by an Order in Council on the recommendation of the Board of Trade." Lloyd's naturally and properly thought that the interests of marine insurance would be best served by the Corporation taking the cash and anything else it could get out of the wreck; so thought the Board of Trade, and so confirmed Her Majesty in Council. It is perhaps the fact that Lloyd's as a body benefited by this salvage which has caused the incident to figure in the annals of Lloyd's and has turned it into a somewhat romantic legend. The Chairman of Lloyd's is privileged to occupy a chair of great magnificence and considerable discomfort made from the rudder, which was recovered in 1859 after the lapse of sixty years. Mr. Belcher's drawing suggests the importance of this Chair and has invested it with the appropriate romantic haziness. The Corporation possesses also a table made of material from the same source, whilst the ship's bell, always an object of interest to the landsman, is erected in the Room by the caller's rostrum and, diverted from its purpose of disturbing the rest of seamen, is used to obtain silence for any announcement of special interest, especially if relating to overdues.

'Lutine'
salvage
ceded to
Lloyd's.

'Lutine'
relics at
Lloyd's.

The *Lutine* has a certain international interest. Built for the French Navy, captured and lost by the British, she was wrecked on the Dutch Coast at a time when this country was at war with Holland, a condition which



LLOYD'S COMMITTEE ROOM. 1927.

AS SEEN BY A PUNCH ARTIST

the citizens of both countries would now regard as happily impossible. After some negotiation the King of Holland ceded his rights in the wreck to His Britannic Majesty, and it was the King of Holland's share which eventually passed to the Corporation of Lloyd's and was dealt with by the Act of 1871.

CHAP. XX
1871



THE "LUTINE" BELL AT LLOYD'S.

Although the Act of Incorporation stands out to-day as one of the most important landmarks in the history of Lloyd's, its importance was not, at the time, universally recognised. At this period, as will be shown in a later chapter, Lloyd's was being hard pressed by the competition of the Companies, and among those connected with marine insurance, there were some who believed, or affected to believe that its sun was already setting. In 1872—the year after the Act was passed—Mr. J. T. Danson made a venomous attack on Lloyd's in the form of a long letter to the *Shipping Gazette*, afterwards reprinted, with additions, as a pamphlet with the comprehensive title *About Lloyd's*. Mr. Danson assumed throughout that "the more ancient and less efficient mode of doing business," was fast being superseded by "the more modern and more efficient

J. T. Danson
admonishes
Lloyds.
1872.

CHAP. XX methods of underwriting brought into use by the Companies," whom Lloyd's, according to him, still affected to ignore. Indeed, he states that underwriting "has passed, for the most part, from the hands of private underwriters into those of joint-stock Companies," and his pamphlet is conceived in the spirit of an intolerable didactic superiority.

1871

"The Committee walks in shackles, and mistakes its awkwardness for dignity . . . The ease of routine and the dignity of *prestige*—the natural consolations of respectable senility—have long superseded the elasticity of youth."

The intelligence supplied to the Companies and printed in *Lloyd's List*, was dear and inadequate. *Lloyd's List* itself was disgraced by the admission of miscellaneous advertisements. Lloyd's Agents, "as a body," were "not what they ought to be."

"The appointment of 'Lloyd's Agents' is, at present, a somewhat futile affair. (The stream ever smacks of the fountain)"—

And he goes on to draw an unkind comparison between many of the Agents and the wreckers of old.

Lloyd's Register is little better. Its Committee is "worthy of much praise, but, crippled (as it is) by an exclusive alliance with Lloyd's," its Book has been superseded by Liverpool's.

Conditions for
survival of
Lloyd's defined.

The benevolent physician, having diagnosed the disease, proceeds to prescribe the remedy. The Companies are to be admitted to membership of Lloyd's, each Company to have twenty votes at General Meetings, and in the election of Committee-men, "with power to nominate for access to the rooms, subject to the approval of the Committee, as many of its officers as it might think fit, not exceeding twenty in number."

At least one-third of the Committee must be elected by the Companies' nominees, though Mr. Danson generously agrees that not less than half shall be private underwriters. Should this remedy be rejected:

"Lloyd's, already an elaborate mistake, will either shrink to the dimensions of a mere trade club, or will complete its existence as a miserable sham."

Extravagant as was Mr. Danson's censure and preposterous as were his proposals, there was probably some substratum of truth, upon which the insolent fabric was erected. It has already been shown that Lloyd's had found it necessary to take steps to put its house in order, and while the naive remedies proposed by Mr. Danson were not, of course, even considered, Lloyd's did not proceed to "complete its existence as a miserable sham;" but, as the succeeding chapters will show, continued steadily to adapt its practice and institutions to the requirements of modern commerce.

Among the charges which had some foundation, was that of unwillingness to co-operate with the Companies for the protection of common interests. Traces of the old hostility still remained, and it must be admitted that the brief and disastrous careers of many of the marine insurance companies founded during the middle years of the nineteenth century, did not encourage a more cordial attitude. Yet proposals had already been made for co-operation with the Companies in supervision of the Agency system—proposals which ultimately bore fruit in the establishment of the Agency Committee—and Danson's charge had already been partially disproved in the establishment of the Salvage Association. This event—a truer measure than the *Lutine* episode, of the interest of Lloyd's in salvage operations—was of such importance to underwriters, merchants, and shipowners, as to demand a chapter to itself.

CHAP. XX
1871

Lloyd's and
the Companies.

CHAPTER XXI.

THE SALVAGE ASSOCIATION.

1856-1927.

LLOYD'S FORM OF SALVAGE AGREEMENT.

“THE Association for the Protection of Commercial Interests as Respects Wrecked and Damaged Property,” generally known as the Salvage Association, is not an exclusively Lloyd's Institution; but a History of Lloyd's would be seriously incomplete without some reference to its origin and work. Lloyd's Register, indispensable to Lloyd's as it is, might conceivably have been established and carried on quite independently. But the Salvage Association is and must be an Institution in which Lloyd's has representation, and the business of Lloyd's could not be efficiently carried on without it.

Founding of
the Salvage
Association.

It must always be borne in mind that as Lloyd's, as a Corporation, does not accept risks, the expense of dealing with vessels in distress must fall upon the Members of Lloyd's and the Companies who happen to be interested. When underwriting apart from Lloyd's was confined to the two Chartered Corporations, it was comparatively easy to arrange joint action on behalf of all concerned. Even so some permanent organisation was desirable, and with the growth of Marine Insurance Companies, the need became more imperative. Accordingly, on the 2nd July, 1856, a General Meeting at Lloyd's approved the formation of the Salvage Association, voted £500 as a grant in aid, and provided temporary offices for the Association's staff. The Royal Exchange, London, Alliance, Indemnity, and Marine each voted £200, and 175 members of Lloyd's contributed five guineas each. The Royal Mail Steam Packet Company contributed ten guineas. In addi-

tion, each of the subscribers agreed to contribute towards making good any deficiency in the income of the Association, by complying with calls made *pro rata* up to the amount of their original subscriptions. The Association thus started with a guaranteed income of nearly £2,500; but the success of its operations rendered it unnecessary to make calls on the guarantors, though Lloyd's voted a second grant of £500 in 1861. Although it is a fundamental principle that the acquisition of gain by the Association, or by the individual members, is not an object of the Association, its accumulated surplus had, in 1925, reached the comfortable total of £102,000.

It entered upon its most useful and successful career under the guidance of a Committee representing Lloyd's and the Companies, and it has ever since, with expanding business and increasing scope, been a centre of friendly action for the common good. In other departments of insurance business, competition and rivalry naturally exist; but in the work of salving property, minimising loss, repairing damage, and remunerating meritorious service, the Committee and staff are only concerned in promoting the profit and the welfare of all the interests committed to their charge.

In its first year the Association spent £804 and earned £535; but it is feared that this was the only year in which its philanthropy was manifested by giving more than it took. The accounts for the year 1925 do not make an unseemly parade of earnings and expenditure, but show the modestly substantial surplus of £3,596. The magnitude of the business is inadequately represented by a turnover of £1,300,000. The funds passing through the Association's books in no way represent the extent of its operations. The result of its activities may be seen in the fact that they supply the basis upon which a large part of the liabilities of the underwriting community is ascertained. By making use of Lloyd's

CHAP. XXI
1856-1927

A centre of
co-operation.

CHAP. XXI Agents, and by establishing, where necessary, supplementary means of communication and negotiation, it has become an engine of immense usefulness not only to underwriters but to the commerce of all nations.

Sir Joseph
Lowrey.

The Association has been excellently served by successive Secretaries, but it owes its present commanding position to the remarkable character and ability of Sir Joseph Lowrey, its present Director and Secretary, who was appointed Secretary in 1897. One of his conspicuous services was the strengthening of the staff on its technical side. For about thirty years the Association was served by certain nautical Surveyors, mostly ex-Captains of merchant vessels, with nautical experience, but without technical training either as Shipwrights or Engineers. These men were, as a general rule, remunerated when and only when they were employed, and they gave excellent service, especially in salvage operations. One of the Special Officers of the Association was Captain John J. Milbank who, during his many years of office, enjoyed the confidence of the underwriting community to an exceptional degree and rendered services of the greatest value. He retained remarkable physical and mental vigour long after his retirement, and died, in 1925, at the advanced age of ninety-one.

Captain
Milbank.

Salaried
Surveyors.

In order, however, to deal adequately with underwriters' liabilities arising from the enormous development of steam tonnage, it became absolutely essential to obtain the services of men with technical training. It was manifestly futile to ask an ex-Captain to exercise adequate supervision of extensive repairs either to hull or to machinery, or to expect him to exercise an effective control over the cost of repairs, and to deal with the apportionment of an intricate repairing account—tasks which would tax the resources of a highly-skilled technical expert. Sir Joseph Lowrey diagnosed the disease and supplied the remedy. Well trained men

were added to the staff of the Salvage Association and remunerated in the same way as had been customary in the case of nautical experts. In course of time it was found desirable to create in certain centres a staff of salaried Surveyors. This has been done at Cardiff, where the Association has erected a large office building; at New York, at Antwerp, on the Great Lakes, and at Montreal, Halifax, and Vancouver. The Association's Surveyors at New York and the other Atlantic stations command general confidence, and are freely employed, not only by British, but also by United States underwriters.

CHAP. XXI
1856-1927

Concurrently with this development of personnel, other important reforms were introduced through Sir Joseph Lowrey's influence. For instance, a very large proportion of the liabilities of underwriters, in connection with insurances on vessels, is represented by payments for damage repairs, and in this connection valuable results were obtained by the introduction of the "Tender Clause," and the healthy competition which has followed its application.

In connection with salvage operations, the establishment of Lloyd's Form of Salvage Agreement has had a very remarkable success, a success to which Sir Joseph Lowrey has largely contributed. Without undue boasting, it may be claimed that the world-wide acceptance of this Agreement is a tribute to British probity and to the administration of British law. The saving to world commerce by its adoption cannot be estimated. When a vessel is in distress much may depend on the promptitude with which assistance is rendered. In the absence of some standard Agreement, acceptable to all parties, the subject matter of insurance might seriously depreciate, or even disappear, whilst an attempt was being made to procure assistance, or to arrange terms on which assistance could be rendered.

Lloyd's Form
of Salvage
Agreement.

CHAP. XXI 1856-1927 This state of things often led to ruinous bargains made by desperate captains. When the salvage was completed, the property was liable to arrest until satisfactory security could be arranged, often for a grossly inflated amount; inflated not necessarily by greed but by reason of the absence of detailed information. Finally, there was the likelihood of having to submit to an inexperienced and sometimes corrupt tribunal. With the general use of Lloyd's Form most of these difficulties disappear. Captains of salvage steamers possess these forms and it is customary for shipmasters to be directed to use them should occasion arise. A copy is included in *Lloyd's Calendar*—a volume frequently found on ship-board. Firms in possession of salvage plant all over the globe have agreed to give assistance on the basis prescribed. Security is arranged promptly, on receipt of cable advice, so that delay is reduced to a minimum. It is to be observed that this process, originated doubtless to save underwriters from loss and vexation, has redounded to the advantage of the commerce of the world. It is a method of conserving the results of human labour and, as it reduces the risks run by underwriters, it also reduces the cost of insurance.

Origins of
Lloyd's Form.

The circumstances leading to the adoption of Lloyd's Form afford an admirable illustration of the difficulties from which it has rescued the world's commerce. In the years immediately preceding 1890, the mercantile and insurance communities were seriously disturbed by the frequent stranding of steamers in the neighbourhood of Kertch. The vessels concerned were often re-floated without much damage; but Captains entered into improvident agreements; the steamer in question was arrested; extravagant bail was given, and the costs incurred were ruinous. At that time Mutual Associations for the insurance of steamers absorbed, in many instances, a considerable proportion of the insured value. These Clubs, as they were called, com-

bined with Lloyd's and the Marine Insurance Companies in a movement to deal with cases in the Black Sea and the Dardanelles. A form of salvage agreement—Lloyd's Form—was devised, under which salvors in those waters agreed to act. The results were beneficial from the first, although the relief came gradually, and unsatisfactory incidents still sometimes occurred.

CHAP. XXI
1856-1927

In the early nineties an attempt was made to extend the area within which Lloyd's Form was accepted, and at the same time a suggestion was made that Lloyd's should establish a Survey Department. Both these propositions were discouraged by the then Chairman of Lloyd's as being unsatisfactory and impracticable. This gentleman's prescription took the form of a proposal for the establishment of a Salvage Company, in the promotion of which Lloyd's, the Salvage Associations both of London and Liverpool, and the Marine Insurance Companies should join. In the result this proposal was fortunately rejected as being totally inadequate. Ultimately a satisfactory survey system was established by the Salvage Association, and the use of Lloyd's Form became more and more widespread. It is not pretended that the operation of Lloyd's Form has given universal satisfaction; but, whenever reasonable cause for dissatisfaction has been shown, steps have been taken to rectify the defect. It must also be remembered that there are few problems more difficult than that of forming a just estimate of salvage services. Probably the greatest results achieved by the establishment of Lloyd's Form are the promptitude with which aid can be obtained, and the opportunity given for friendly settlements, without the aid of any arbitral or judicial tribunal. In dealing with such matters Sir Joseph Lowrey is pre-eminent.

Lloyd's Form
widely used.

Another name must be mentioned: that of Sir William Walton, the distinguished solicitor, whose word was

CHAP. XXI for many years law at Lloyd's. This eminent man
1856-1927 took a leading part in the preparation of the Form and,
in many cases, acted as sole arbitrator.

Functions of
the Salvage
Association.

The Salvage Association is recognised throughout the world, and in dealing with casualties, its instructions are accepted by Lloyd's Agents as readily as instructions from Lloyd's itself. The general reader might suppose that the Association itself operated a great salvage plant. This is not the case; the Association is a directing centre utilising salvage plant of varied ownership, and adapting its arrangements to the necessities of each case as it arises. Often the duty of the Association is to prevent operations in simple cases being undertaken on a salvage basis; that is, a basis upon which remuneration for the services rendered is contingent on success. When the owner of tugs and salvage plant is to be remunerated whether successful or not, his reward is necessarily on a much smaller scale than it would be if, in the event of failure, he could recover nothing. In dealing with such questions as these, it is obviously of immense advantage to have one central, directing authority, acting in the interests of all concerned; this the Association provides. On receipt of cable advices, either from the Master to the Owners, or from Lloyd's Agents to Lloyd's, the underwriters interested sign an authority for the Salvage Association to take charge of the case. The Association is frequently instructed by cargo underwriters as well as by those who have written policies on ships; it co-operates with the Owners, and a common line of action is determined. As the action to be taken is for the general interest, Owners are glad to share their responsibility with a recognised authority. Broadly speaking, the system works with remarkable smoothness.

Sir Joseph Lowrey is the depository of an unique experience, and other leading members of the staff have also accumulated a great store of knowledge during their long service. It is, therefore, not surprising that important Owners are often glad to take counsel with the Association, even in cases where the interests of underwriters are in no great degree involved; or that the Association is frequently consulted by foreign insurers, even when British underwriters are not concerned.

CHAPTER XXII.

LLOYD'S IN THE GREAT WAR.

1914-1918.

IT is a commonplace with a certain type of politician that war is welcomed by Capitalists. Those who were actively engaged in the City of London in 1914, will remember that, on the contrary, the imminence of a great European War was received, not indeed with panic, but with alarm and detestation.

War risks
and peace
premiums.

The collapse of credit at the outbreak of a European War in which this country was a belligerent, involved the grave menace to underwriters that they might be called upon to pay losses, without receiving the outstanding premium owing by brokers under the usual accounting system, and it was mainly this premium that constituted the fund from which claims were paid. Moreover, Lloyd's and the marine insurance market generally were carrying a heavy load of war risk accepted at a peace premium; in fact, during the early stages of the war, total losses were paid in cases where the underwriters had received a nominal premium of sixpence or a shilling per cent. The experience of previous wars, such as the Spanish-American, had indeed taught so severe a lesson that these commitments were not on a very large scale, but they were heavy enough to entail severe loss. The following extracts from the diary of an insurance broker who held a large amount of shipowners' acceptances may be of interest as showing how the situation was viewed at the actual time of the crisis:

A Broker's
diary, July-
August, 1914.

"On Wednesday, 29th July, 1914, took about £17,000 in short bills to Bank for discounting. After some demur the bills were discounted at Bank Rate (3 %) subject to our paying half the rise should the rate be raised next day.

"30th July: Took another batch and found the Bank Director in a state of great agitation, unwilling to look at any bills, stating that crisis



The King and the Queen May 23rd 1925

was developing badly and that in 24 hours we should hear of serious developments.

"Friday, July 31st: It was evident from the course of negotiations that Germany and Russia were shaping for War but no definite announcement was made. This being so, I asked the Bank Director what was the serious development he promised. He replied that a moratorium would be enacted and £1 notes issued. He said that numbers of people had been playing the fool by making a run on the banks for gold. One man had drawn £1,500 and announced he was putting it into the National Safe Deposit! Customers at suburban branches had drawn out gold and then handed it back in a sealed packet for safe custody! I then took the bills to another great bank at which we had an account, but there everyone appeared to be so agitated that I left the place without stating my business.

"August 1st. (Saturday before Bank Holiday). Lloyd's and Stock Exchange closed to-day. Negotiations evidently taking a highly warlike direction.

"August 2nd. (Sunday). War in being between Germany and Austria, France and Russia.

"August 3rd. (Bank Holiday). Sir Edward Grey's speech. Evident British intervention almost certain.

"August 4th. Business resumed at Lloyd's. A day of agitation. War declared at midnight. Stock Exchange closed.

"August 7th. Banks which had been closed re-opened. Another interview with Bank Director who was unable to forecast developments. He said Banking system of the whole Country was insolvent. The Treasury was supporting the Banks and the whole structure now rested on Government credit. He said that all the big financial houses had returned their bills and that the foreign bills returned were so numerous that with all the notaries working at them it was physically impossible to 'note' them. He attributed the collapse to the entire cessation of foreign remittances. He said that he could not guarantee we should be allowed to draw against our own balance.

"August 10th. Meeting of Brokers. Financial position discussed. I read my letter to our bankers reciting my interview shewing that Banks were empowered to plead moratorium against their own customers and that customers' balances were not necessarily available for drawing. I argued this fatal to credit of Insurance Market because the default of Underwriters would create widespread alarm. There was, however, a feeling that it would be impossible for some brokers to go on unless they could plead moratorium. I advised calling a representative meeting to review the position and to consider whether an appeal should be made to the Treasury. I was deputed to see the Chairman of Lloyd's. I saw him and he said the Committee of Lloyd's would meet and consider the advisability of calling the proposed Conference. In the afternoon another customer of our bank called and said that the Chairman of the Bank had used more reassuring language than the

CHAP. XXII 1914-1918

A run on
the Banks.

Treasury
support
the Banks.

The Moratorium.

CHAP. XXII
1914-1918

Director whom I had seen. This customer and I then saw the Chairman who confirmed what the other Director had said but ended by intimating that our balance would in fact be available and further, that without pledging himself he hoped to advance against securities. He said that many of the Banks would have stopped but for the moratorium.

"August 11th: The Committee of Lloyd's met last evening and decided to do nothing. On learning this, I made up my mind to take my own course and not to promote further meetings but to attend any that might be called. We paid Lloyd's Underwriters the premiums for the June quarter and this action was followed by others, which had a salutary effect. Since the moratorium was established we have received many payments including £10,000 from one Shipping Company and £5,000 from another. There seems a somewhat better feeling to-day. The State War Insurance Department is doing a large business.

"August 12th: A further improved tone to-day. More accounts are being paid at Lloyd's. The Banking prospects are also improving and negotiations seem to be proceeding for the re-opening of the Stock Exchange. A great deal of War insurance is being effected.

Government
guarantees
good bills.

"August 13th: The Government has announced a great Scheme under which the Bank of England will discount good bills, the State guaranteeing the Bank against loss. This will have an enormous effect and will go far to re-establish the finance of the Country. There is a further improved tone. We had notice of two large consignments of gold from Paris to Constantinople going July 24th and 27th not having arrived. Our names interested to the extent of £16,000.

"August 14th: £140,000 out of £180,000 of the consignments mentioned above arrived. Payments in the City being made more freely. All people doing a large foreign business still badly hampered. No captures by Germans being announced a very considerable war insurance business is developing at Lloyd's. It is interesting to note the public confidence in the Institution notwithstanding the commercial ruin that surrounds it."

In the conditions thus described, underwriters feared that they might have to pay out large sums in respect of risks on their books written at a nominal premium, and at the same time, find their current premium not forthcoming from brokers. They therefore came to an agreement among themselves to enforce weekly payment of all war risk premium, and indeed, for a day or two brokers had, in some cases, to pay the premium on the signature of the policies.

For many years prior to the outbreak of the Great

War it had been the almost universal practice to exclude war risk from the customary twelve months' policy under which steamers were insured. This arose from the fact that underwriters were unwilling for a merely nominal premium, fixed in a time of profound peace, to incur a risk which might, a few months afterwards, become extremely onerous. On the other hand the shipowner, anxious to reduce his expenses to the minimum, desired to avoid paying even the relatively small premium for which cover could be obtained. Now the expedient of mutual insurance, if peace were maintained, only entailed a trifle for management and, if peace were not maintained, the regulations tended to minimise the risk. The attractions of mutual insurance were thus very great, and, on the outbreak of war, it was always practicable to go to the market.

The Great War, however, was an emergency so terrible that the whole power of the State was required to sustain, at any rate, the first shock. This applied, as we have seen, not only to insurance but to banking, and eventually the State had to take over and work, with the assistance of the men of business concerned, vast areas of manufacture and commerce.

Obvious as it seems, it is perhaps desirable to point out that no expedient of insurance, whether by the State or by private enterprise, would of itself secure the arrival of a single consignment. Nothing but an efficient navy safeguarding the trade routes could avail. What the State did was to tide over an unexampled crisis, especially at the outset, by selling insurance sometimes far below cost, and to exercise a steadying influence during the alarming development of the submarine menace. It was also a necessary supplement to the market when values were enormously increased.

At the outbreak of war, most British Steamers were covered by insurance in three War Risk Associations,

CHAP. XXII
1914-1918

War risks
normally
excluded
from time
policies.

Insurance
and defence.

CHAP. XXII
1914-1918

The State
Insurance
Scheme.
1914.

the Liverpool and London, the North of England, and the London Group. It was a condition of this insurance that the vessels entered were covered, if at sea on the outbreak of war, only until arrival at the nearest safe port. This of course meant paralysis; but the Government, at the beginning of August, 1914, entered into an arrangement with the Associations, appointed a Committee to fix premiums, and re-insured eighty per cent. of each risk, leaving the remaining twenty per cent. at the risk of the Clubs. All policies contained a warranty against engaging in voyages prohibited by the Government, and required obedience to Government orders. Sailing vessels were covered by the War Risks Association Limited of Liverpool.

At the same time a State Insurance Office for cargoes was opened and staffed with the assistance of Lloyd's and the Marine Insurance Companies. No cargo could be insured with this Office unless carried by a ship insured in one of the three Associations. It was further stipulated that the cargo to be covered by the State against war risk must be covered elsewhere against marine risk, and the State Office could require the production of the marine policies, especially when a claim was presented.

Risks left
to market.

A warranty that the vessel carrying the cargo to be insured had not sailed, was a condition precedent to acceptance under the Government Scheme. This was a most serious obstacle, because advices only came confidentially and were frequently delayed. Thus it came about that merchants were compelled to pay higher rates in the market, rather than risk the invalidation of the insurance by giving a warranty of not sailing which might turn out to be erroneous.

We are able to give a schedule of rates advised to an important Australian Bank whose war risks underwriters had to cover at the market rates ruling at time of sailing from Australia. This schedule is a sort of

fever chart giving the patient's temperature from the 26th July to the 28th August, 1914. The first rate represents "normal"; fever rapidly increased up to 6th August, then rapidly declined, but of course never again became "normal":

CHAP. XXII
1914-1918

Date.	Rate per cent.	
26th July	6d.	
27th „	2/6	
28th „	5/-	
29th „	20/- via Suez	Violent movement of rates at outbreak of war.
	15/- via Cape	
30th „	50/- via Suez	
	40/- via Cape	
31st „	60/- both routes	
Aug. 1st to 4th	£10	
„ 5th & 6th	£20	
„ 7th „ 8th	£15	
„ 10th „ 11th	£10	
„ 12th „ 13th	£8	
„ 14th „ 15th	£6	
„ 17th „ 18th	£5	
„ 19th „ 20th	£4	
„ 20th to 28th	£3	

On the 28th July, 1914, the rate for war risk only, from this country to the Black Sea, was 10s. per cent., and on the 29th July, it was 40s. per cent. On the 30th the rate through the Mediterranean to the East was 20s. per cent., but to a Western Mediterranean port 40s. per cent. was charged. The next day the rate advanced to 60s. per cent. for any vessels going to or from the East through the Mediterranean, and from Hamburg to Bombay the rate was 10 guineas per cent. On the 4th August, before war was declared, underwriters accepted 50s. per cent. to India; while on the 7th the rate had advanced to 5 guineas per cent. for pretty well any normal ocean voyage from London, though 10 per cent. was paid from Middlesbrough to Australia. Higher rates were paid for vessels at sea, as, for instance, on the 7th August, such a risk from New

CHAP. XXII York to Hull was covered at 15 per cent., no discount.
 1914-1918 By the 11th the market was a little easier, 80s. per cent. being accepted, in keeping with a reduction in the Government rate. On August 14th the Lloyd's rate had dropped to 70s. per cent., and later in the month the market continued to ease.

Many risks
 covered at
 Lloyd's.

After the first rush to cover vessels already at sea, sailings were largely suspended and, for a time, but little business was done. The Government Scheme came promptly into operation in respect both of the vessels themselves and their cargoes, and on sailings being resumed a large and increasing volume of insurance came to Lloyd's, supplementing the operation of the Government Office. The Government Office refused to insure profit or increased value of commodities and, as values were rising constantly, merchants and others had to resort to Lloyd's and the Companies. Shipowners also had, by insurances at Lloyd's and with the Companies, on freight, increased value, etc., to supplement the inadequate cover obtainable from the Government.

Underwriters
 compete with
 State Office.

The rates fixed from time to time by the State Office formed a standard to which the market had to conform in respect of business coming within the scope of the scheme. When underwriters wanted the risks, they made a small concession; charging pounds instead of guineas, allowing a discount, or sometimes including the marine risk gratis. For some comparatively safe voyages the Government flat rate was so much above a remunerative level that competition produced rates far below the Government figure. Furthermore, a practice arose of extending the scope of the policy by including risks not usually covered. This practice was tolerable so long as abnormal premiums were paid; but was a source of loss as well as annoyance when, in the general laxity and unsettlement following the war, these abnormal risks, intensified in character, were

still covered, although the unusually high premiums had disappeared.

CHAP. XXII
1914-1918

It is difficult to make unqualified assertions about the practice of the State Office, which was modified from time to time; but, broadly speaking, it was confined to vessels under the British Flag, and for a long time shipments to and from Scandinavia and other European countries, through which goods might go to or come from Germany, were excluded. Then the State Office confined itself to specific shipments by specific vessels, whereas a merchant often required extended cover to include consignments by vessels which he was unable to specify at the moment when he required insurance. There was also uncertainty as to rate because, although the Government rate was not advanced from the end of 1914 to December 22nd, 1916, the insurer never knew whether the rumours of impending increases were true or false.

Reviewing this period, it is interesting to observe how conveniently the supply of insurance cover in the market kept pace with the demand. At first underwriters were cautious and took a lively interest in the number of ventures they were accumulating in any one danger zone. It was difficult at this period to cover a large amount on any one risk, but it so happened that the demands then made on the market were small and, as these requirements were gradually enlarged by the increase in trade and in commodity values, the cash reserves and the confidence of underwriters developed simultaneously.

Supply of
cover keeps
pace with
demand.

The depredations of enemy cruisers in foreign waters at the outbreak of war, notably those of the *Emden*, were sufficiently damaging to keep up the demand for insurance and the rates charged. A little later underwriters began to learn that submarines could operate much further from their bases and depôts, and for much longer periods, than had been supposed. Many underwriters

CHAP. XXII
1914-1918

were astounded to find that there were a great many vessels torpedoed off the West Coast of Ireland and in the Bay of Biscay, and ultimately much damage was done even in American waters. Consequently, underwriters had continually to revise their views and adjust their rates, abandoning the widely received idea that, when the German Fleet was bottled up and the original German raiders destroyed, there would be little more than mine risks to fear, with a possibility of further raiders breaking through, and a remote chance of the German Fleet taking the sea.

Menace of
submarines.

The submarine menace became alarming alike for its magnitude, its ruthless character, and the complete disregard of all the restraints which had hitherto governed maritime warfare. For some time the belief was held that neutral vessels would be immune, particularly when not proceeding to a British port and, when this belief was falsified, it was still thought that the Germans would not desire or dare to sink passenger steamers. It was found, however, that there were no limits either moral or material to the activities of the submarines, and the losses were so enormous that there were few underwriters, if any, insusceptible to a nervous attack, leading them at one time or another to give up writing war risks. They usually soon recovered, but there were occasional days or weeks when the losses sustained by Lloyd's were disastrous, and would have seriously contracted the market but for the reserves which had accumulated.

The market did not contract, and when ships and cargoes reached enormous values, it was stronger by the enrolment of many new Underwriting Members of Lloyd's, and larger by the floating of new Companies, many of which disappeared after a brief and inglorious existence.

By 1917, the lot of insurance brokers was very difficult, and they might well have re-echoed the plaint of Mr.

Thomas Reid, uttered before the Select Committee of 1810. In many offices practically all the original staff of military age had departed, and work of vital import had to be put through with the help of untrained men and women. Accordingly the strain on those responsible was very great. The hours of business at Lloyd's were like those of the days when underwriters were driven away by the ringing of bells and the extinguishing of candles. Some brokers would collect orders until four o'clock and, this being the legal hour of closing, were then free to go to Lloyd's to start the risks, the placing of which would be continued next day. The Room was a busy scene during the whole day and there was an active market until long after six o'clock each evening, a facility which alone prevented hopeless congestion.

CHAP. XXII
1914-1918

Strenuous
times for
the brokers.

It may be noted that Lloyd's being housed in the Royal Exchange and within a stone's throw of the Bank of England—both buildings supposed to be favourite objectives of enemy Air Raiders—some precautions were considered desirable. In June, 1915, emergency exits were provided. Two years later, arrangements were made for a telegraphic announcement of an impending air raid and, when the danger was over, an announcement "All clear." It was the first time the structure of Lloyd's—the great market for war risks—had itself been subjected to the risks of war.

Air raid
warnings.

Values had so greatly increased by 1917 that, in some instances, underwriters in that year took premium for war risks of about £300,000 per name. At the start of this year the losses were appalling and market rates were enormously in advance of the Government rates. The latter, for cargo, had been only 1 guinea per cent. until a few days before the advent of 1917; it was not until March 19th that the rate went up to 3 guineas, and at this period hulls were covered for 30s. for a

Very heavy
commitments.
1917.

CHAP. XXII voyage, and 6os. for three months. Below are given
1914-1918 some of the market rates at the same time:

War risk premiums. 1917.	Nature of Insurance.		Rate per cent.
	Freight by tramp steamer	Alexandria/U.K.	£10
	Parcel Post	London/Australia	£6
	Cargo by Liner	Naples/London	£12
	Cargo	London/Amsterdam	£3
	Wheat by Neutral	Plate/Marseilles	£10
	Liner	Cadiz/London	5 Gs.
	Liner	Marseilles/Hongkong	8 Gs. to 9 Gs.
	Neutral	W. Coast of Italy to Marseilles	£3
	Cargo	French Bay/London	£10
	Freight by tramp steamer	East Coast/Port Said	13 Gs.
	Profit by Liner	New York/London	£20
	Hull of tramp steamer	Gibraltar/Spain/U.K.	£15
	Three months' risk on steamers trading:		
		between this Country and Gibraltar ..	£25
		and between Spanish Mediterranean and London	£20

The above rates are typical, having regard to the ineligibility for the Government schemes. Of course, lower rates were sometimes accepted, and, on the other hand, higher rates were often obtainable, as for instance, on a vessel named *Norlina* from U.S.A. to U.K. a rate of 25 per cent. was paid for no apparent reason.

State Office
raises rates.

Throughout the year 1917, the menace presented by the enemy's intensified attack on seaborne trade remained extremely serious. The losses of shipping from February to August were about three times as heavy as they had been for any previous period of equal length, and these losses naturally reacted on the marine insurance market. The State was compelled in many instances to reinsure risks on neutral vessels and their cargoes, and as already mentioned, the Government rate on cargoes in British ships was raised, in March, to three guineas per cent. At a later period, voyage premiums both for hulls and cargoes were fixed, on an

underwriting basis, at differential rates, according to the nature of the voyage. In addition to its war risk activities, the State accepted marine insurance when State interests required it, and the market could not absorb the whole value to be insured. Contemporaneously with these business measures, the enemy's depredations were countered by a markedly successful development of the convoy system, of which the Committee of Lloyd's had been such stalwart upholders during the Napoleonic struggle, as well as by the adoption of new methods of attack on submarines.

CHAP. XXII
1914-1918
Convoys.

The data are not available which would make it possible to relate rates of premium to the various phases of the conflict throughout 1917 and 1918; but the following rates, which were paid in 1917, may be cited:

Nature of Insurance.		Rate per cent.
Disbursements by a Liner	Gibraltar/Cardiff	£8
Brandy by a Liner	Liverpool/Barbados	£9
Timber	Gothenburg/Tyne	£20
By a tramp steamer	Alexandria/U.K.	£12
Goods by a Liner	London/Norway	12 Gs.

while a cover on cocoa from the West Coast of Africa to Marseilles was placed at £12 per cent.

On Greek steamers in Allied service even higher rates were paid and, ultimately, the Government arranged insurance facilities for these steamers with approved cargoes. A typical instance may be cited, that of two Greek steamers valued at £71,000 and £82,500 respectively, insured for repeated voyages; the rates vary about £10 per cent. for a single voyage, and £17 per cent. or £18 per cent. for a round voyage. The brokerage earned on insurances such as these inspired the recipient with a pleasing warmth which, however, was soon cooled by the application of an Excess Profits Duty of 80 per cent., succeeded by a liberal dose of income and super tax.

High rates
on Greek
steamers.

CHAP. XXII Large underwriting profits, subject to the same heavy
 1914-1918 taxation, were made at this time by those underwriters
 who were in a position to take, and did take their
 chances to write boldly and consistently. The greatest
 percentage of profit was, however, made not on the
 high premium for sea war risk, but on the Aircraft risk
 at rates as low as 1s. per cent. on private houses. Large
 profits were also made on dock risks, on which sub-
 stantial premiums were paid.

Missing Ships
 Agreement.
 1917.

An important underwriting development of the latter
 part of the year 1917 was the negotiation of the Missing
 Ships Agreement. From the beginning of the war,
 British ships had been requisitioned, in ever increasing
 numbers, for Government service, on terms by which
 the State accepted full responsibility for war risk.
 Numerous cases arose in which it was very difficult to
 decide whether the loss was properly attributable to
 war perils, and some of these cases were the subject of
 prolonged litigation. Missing vessels presented special
 difficulty and, to meet these cases, an agreement be-
 tween underwriters and the Government was framed at
 the instance of the Chairman of Lloyd's. It was felt that
 an appeal to the ordinary Judiciary was unsatisfactory,
 because the Courts had no power to divide the loss
 between those liable for war and marine risks, in cases
 where it might seem equitable to do so. The Agree-
 ment was formulated in the latter part of 1917, and it
 instituted a panel of arbitrators, the arbitrator having
 power, either to assign the loss wholly to one side, or to
 apportion it in accordance with the probabilities of the
 case.

Hampering
 the enemy's
 commerce.

Another question which brought Lloyd's into close
 co-operation with the Government was the prevention
 of enemy trade. The whole attitude both of the State
 and of individual business men towards trading with
 the enemy, direct or indirect, had changed profoundly

since the days when the insurance of enemy ships and cargoes could be passionately defended on grounds of national advantage, and at various periods of the war there were anxious consultations between Government and underwriters as to the best means of preventing cover being given to goods ostensibly consigned to neutral ports, but having in fact an enemy destination. The Government were, in the earlier stages, under the necessity of avoiding the Scylla of giving offence to the United States and the Charybdis of letting supplies find their way to the enemy. They successfully avoided Scylla but too frequently were engulfed in Charybdis.

Eventually, the following clause was universally adopted:

“Warranted free from any claim arising from capture, seizure, arrest, restraint or detainment except by the enemies of Great Britain or by the enemies of the Country to which the assured or the ship belongs.”

One of the most astonishing facts in the history of this unprecedented period was that during all the vicissitudes of the war, the volume of insurance business from neutral Countries was largely increased, it being apparently an opinion generally held that, in an insecure world, the maximum of safety was to be found in the London market.

Big increase
in business
from neutrals.

In 1916-17, the adventurous enterprise of bringing from various Baltic ports some eighty-three British steamers, which had been detained since the outbreak of war, was carried through with remarkable completeness. The story was told in 1918 by Sir Arthur Sutherland, then Lord Mayor of Newcastle-on-Tyne, who, in conjunction with personal friends in Sweden, and with the approval of the British Government, made and consummated the plans. Tonnage to the extent of about 380,000 dead-weight, with a value at that time of about five millions, was thus released at a cost of about £300,000. The rate per cent. for insurance was

British ships
shepherded
from Baltic.

CHAP. XXII about 20 guineas and almost every vessel arrived
1914-1918 safely.

Business fell off before the end of 1917; partly on account of the loss of tonnage and the diminution of man power left to carry on the commerce of the Country, partly because there was a general drying up of the sources of supply of many commodities. Accordingly, all through 1918 business was decreasing and, by the time the war ended, most brokers' offices were quite able to deal comfortably with the demands made upon them.

Frustration
Clause in the
Lloyd's policy.
1919.

It remains to record the effect of the war on Lloyd's policy itself. As early as 1898, the clause eliminating war risks had become part of the policy, but it had been customary to incorporate it in time policies long before then. In 1919, following on the decision against underwriters in the case of *Sanday v. British & Foreign Marine Insurance Company*, what is known as the "Frustration Clause" was inserted, viz.,

"Warranted free of any claim based upon loss of or frustration of the insured voyage or adventure, caused by arrests, restraints or detentions of kings, princes or people."

It is to be noted that this clause is inserted in policies which do not exclude war risks. Its origin is thus summed up in the eleventh edition of Arnould's great work on Marine Insurance:

"The plaintiffs were British merchants who had shipped linseed on two British ships for carriage to Hamburg. They insured their goods with the defendants under policies which included restraints of princes in the perils insured against. War between Great Britain and Germany broke out while the goods were at sea, so that, by the common law of the land prohibiting trading with the enemy, the further prosecution of the voyages became illegal. The ships discharged their cargoes in the United Kingdom, and the plaintiffs gave notice of abandonment. The Court of Appeal affirming Bailhache, J., held that a restraint did not necessarily involve the actual exercise of any physical force—it was enough if the act was prohibited and the State could enforce the prohibition; also that the act of the British Government in declaring war was a 'political act' making it illegal and therefore im-

possible to continue the voyage, and that this constituted a restraint of princes. The same view was taken in the House of Lords.”¹

CHAP. XXII
1914-1918

In insurance, as in other branches of business activity, the great struggle left an aftermath. The years succeeding the war were marked by an enormous increase in shipping values. At one time a steamer which had been received from the builders at a cost of £40,000 would attain a value of over £200,000. This inflation was followed by a sudden and complete deflation, and a situation arose under which the loss of a vessel from an insured peril meant to its owner all the difference between prosperity and bankruptcy. These unprecedented conditions gave rise to frauds upon a scale to which no approach can be found in the annals of insurance. Indeed, it may be said with truth that, just as the World War makes all other wars seem comparatively trivial, so do the frauds in connection with certain steamers under Greek and Spanish ownership dwarf all previous efforts into insignificance. The following extract from a letter written in June, 1921, by Lloyd's to a high Greek Official, contains a terse and forcible statement of the facts:

Huge Greek
ship frauds.

“Since the beginning of December last there have been no less than 41 Greek vessel losses and in almost every case the facts put forward to account for the loss are unsatisfactory. Sudden and violent leaks are said to have occurred without any bad weather or other circumstances to account for them. These leaks are said to have been entirely beyond the control of the vessels' pumps and to have resulted in the speedy abandonment of the vessel. In almost every case the weather is fine and all the crew reach safety without difficulty. There has been no corresponding loss, nor any loss above the normal, of British vessels.

“In other cases vessels are alleged to have struck mines where no mines were likely to be, and the character of the injury which the vessel is supposed to have sustained does not, in Underwriters' opinion, correspond with that which would result from the striking of a mine.

“In other cases vessels have run ashore in positions in which it is very difficult to account for them being.”

¹ Arnould, 11th Edit., p. 1081.

CHAP. XXII The strict and impartial justice which characterises
 1914-1918 British administration of law imposes a tremendous task upon the legal representatives of underwriters when resisting a claim for a loss which has unquestionably occurred. In these cases it became necessary to show that the losses did not arise from insured perils, that the property was wilfully destroyed, and that the shipowners were parties to the fraud. These contentions were conclusively proved to the satisfaction of the Courts in numerous cases and, indeed, in almost every case, frauds to the extent of several millions being defeated. Many fraudulent cargo claims were similarly disposed of. In one particularly outrageous Spanish case, an alleged cargo insured for the enormous sum of £370,000 was said to be lost by an insured peril, but the claim was unfounded and was not paid. An Egyptian-owned cargo insured for £80,000 was also the subject of a fraudulent claim, which was defeated in Court.

Fraudulent
cargo claims.

These claims arose on policies effected partly at Lloyd's and partly with Companies. The management of the defence entailed severe labour and anxiety upon a Committee representing the underwriters interested, with which the Salvage Association co-operated with its usual efficiency. The Solicitor who ably directed the defence was the late Mr. William Clifton, whose memory is honoured by all who knew him, and who received the distinction of being elected an Honorary Member of Lloyd's.

A precedent
from Demos-
thenes.

Those who regard the Greek frauds as evidence of racial deterioration may derive comfort or discomfort from the incidents set forth in Demosthenes' oration against Zenothemis:

"While the ship was yet in port, Hegestratus enters into a conspiracy with Zenothemis, who was one of his passengers . . . Each of them borrows money in Syracuse, and each refers to the other to vouch for his responsibility . . . The money which they contrived to borrow in this way they send to Massilia (the modern Marseilles) . . . Neither

of them brings any cargo on board. The loans were made on the usual terms, that, if the ship returned safe to Syracuse, the lenders should receive back what they had lent with a large premium; if the ship were lost, they lost their money . . . The third day after leaving Syracuse, Hegestratus goes down in the night-time, and begins to cut a hole in the ship's bottom. He is caught in the act by the passengers . . . throws himself overboard . . . and is drowned."¹

CHAP. XXII
1914-1918

As a matter of history, and without any tinge of boastfulness, some reference must be made to the contribution of Lloyd's to the war, apart from that involved in the ordinary transaction of business. The Great War, of course, differed essentially from the Napoleonic struggle. The latter was carried on by professional or impressed soldiers and sailors; the former took its toll from all classes. Let it not be said that Lloyd's "sent" from its ranks a large body of men to risk life and limb in the national cause. Many devoted men were already committed to national defence when war broke out; many more responded without hesitation to the Call. In June, 1916, before the introduction of compulsory service, 2,485 men from Lloyd's, including 162 Members and 23 Subscribers, had undertaken military service. The long list inscribed in the War Memorial records the names of those who never returned; many men of ability and character, full of youthful vigour, whose careers were sacrificed to a great duty. Many returned after long and arduous service. Of those who took no part in actual warfare, many, mostly past military age, relinquished their business duties in order to serve the Country in other ways. In these personal services, from those who risked life itself to those who undertook arduous national work, the contribution of Lloyd's to the Common Cause mainly consists, and it was a contribution which our ancestors were not called upon to make.

War service.
The roll of
honour.

¹ *Demosthenes' Orations*, Ed. Kennedy, Vol. IV, 1861, p. 149.

CHAP. XXII The Lloyd's of the Napoleonic Wars was, as has been
 1914-1918 seen, foremost in the promotion of patriotic funds. It is in no way claimed that, in this respect, the Lloyd's of 1914-18 did more than its simple duty, and it is only because the history of the time would be incomplete without a bare record of these efforts that, in all humility, they are set down here. In comparison with vital personal sacrifice they are scarcely worthy of mention.

War Funds
 at Lloyd's.

In 1915, Members subscribed £115,000, which was entrusted to the Committee of Lloyd's Patriotic Fund, to be used for the benefit of relatives of Soldiers and Sailors.

Ambulances costing £38,500 were presented to the French at the time of the heroic defence of Verdun. On March 28th, 1916, this gift was acknowledged by a personal visit from Lord Beresford and the Marquis de Chasseloup-Laubat.

A sum of over £100,000 was given to Red Cross Societies, and £46,000 was contributed to assist the Young Men's Christian Association in providing Canteens and Huts.

There were other contributions for various objects connected with the War, and they did not cease with the termination of hostilities. On February 26th, 1920, Earl Haig visited Lloyd's, and in response to his appeal for the Officers' Association, £170,000 was raised.

In April, 1915, a fund was initiated for the purpose of rewarding and honouring Merchant Seamen who had rendered exceptional services in resisting enemy attacks. The Committee of Lloyd's was also entrusted by some private individuals with the office of advising them as to those entitled to similar recognition. A large number of instances in which a courageous and often successful defence had been made against submarine attacks thus came before the Committee, and many rewards were given.

The gratification which was generally felt that gal-



LLOYD'S WAR MEMORIAL

lantry of this kind should be recognised is not untinged CHAP. XXII
with a feeling of regret that no special honour could be 1914-1918
paid to the daily heroism of all ranks in the Merchant
Service, and especially the engineers and stokers, who
stolidly "carried on," undeterred by the fact that, at
any moment, destruction and death might come to
them. In this, as in other spheres, the nation was
saved by the nobodies.

CHAPTER XXIII.

LLOYD'S TO-DAY.

1871-1927.

WILLIAM FARRANT who for many years occupied the Caller's rostrum—a man of dignified presence and excellent manners, gifted with a mellifluous voice, was once asked by a lady visitor the comprehensive question—"But what *is* Lloyd's?" "Individually, Madam," he replied "we are Underwriters; collectively we are Lloyd's." As a succinct definition this cannot be bettered.

Lloyd's and
its Members.

Lloyd's as a Corporation does not subscribe policies of insurance; that is the business of Underwriting Members who subscribe policies "each for himself and not one for another." Until comparatively recent times the Corporation possessed very little control over individual Members. Much care was exercised in the election of Members; but when a man found himself a duly elected Underwriting Member his freedom of action was almost unrestricted excepting by the public opinion of "the Room," *i.e.*, the general body of Members, a very powerful influence but without legal force. For a long time this loose form of government or absence of government worked exceedingly well. Failures very seldom occurred and when they did occur the insuring public seldom suffered loss. It must be remembered that Lloyd's underwriters do not accept any business except through brokers.¹ Now responsible firms of brokers felt that if an underwriter failed to meet his obligations the broker also would suffer in reputation. His business is to provide a sound article, and although he is not legally liable provided he has exercised proper care, he is not comfortable when he has supplied his

¹ In earlier times much business was placed at Lloyd's and elsewhere by Merchant Bankers who were the predecessors of the modern Joint Stock Bank.

client with a policy upon which he cannot recover. So keenly did some brokers feel this moral responsibility that they made good losses from their own resources. But with the great development of world commerce (for it must be remembered that an enormous foreign business comes to London) it came to be recognised that the old system of *laissez faire* required modification. The result of the various regulations which have from time to time been adopted is that, whilst a great measure of freedom remains to the individual, he is only allowed to exercise that freedom subject to certain conditions. The Committee of Lloyd's does not and indeed cannot supervise the details of a Member's business; but it does seek to establish a proper ratio between his commitments and the resources available for meeting those commitments.

The Corporation of Lloyd's itself is a permanent symbol covering an ever changing body of Members, who are elected and in due course die or resign, their places being filled by new elections. The Members of Lloyd's, Underwriting and Non-Underwriting, comprise the Corporation, they alone having the power of voting at Elections of the Committee or upon questions submitted by referendum. In addition to Members, access to the Room is given to Annual Subscribers and Associates, the latter body being composed of persons engaged, not directly in insurance, but in related activities such as Average Adjusting. Brokers having access to Lloyd's are Annual Subscribers unless, as is frequently the case, they are Underwriting or Non-Underwriting Members.

Underwriting Members fall into two categories, viz.: (1) those who accept risks for themselves and for others, and (2) those who employ an agent to underwrite for them and do not themselves engage actively in the business. Those who belong to the second category need only possess one qualification beyond that

CHAP. XXIII
1871-1927

Members
Subscribers
Associates.

CHAP. XXIII of unimpeachable character, viz.: that of being able to
 1871-1927 meet their pecuniary engagements. It is to the Under-
 The Under- writing Agent that the stability and good name of
 writing Agent. Lloyd's are confided, and upon him alone depends the
 profit or loss of the Members for whom he acts. The
 Agent has usually served an apprenticeship as deputy
 to another Agent. His remuneration consists of salary
 and commission on profits; the former small, the latter
 substantial. A good Agent is cheap and a bad one dear
 at any price. This is true in most business enterprises
 but pre-eminently true in underwriting.

Substitutes. In the annals of Lloyd's the word "Substitute" fre-
 quently occurs. A "Substitute" is an authorised repre-
 sentative of a Member or Subscriber, who is admitted
 to the Room by authority of the Committee and on
 the nomination of his employer. A small annual sub-
 scription is exacted in respect of each Substitute.
 From this body the active underwriters and brokers
 are recruited.

The career
 of a "Name."

Let us consider the career of an underwriting
 "Name," that is an Underwriting Member of Lloyd's
 represented by an Agent. He is a capitalist pure and
 simple. He toils not neither does he spin, but he is in-
 dispensable. His function is to provide capital and to
 incur risk. His liability is unlimited. Desiring to be-
 come an Underwriting Member, he, first of all, makes
 his preliminary arrangements with an Agent. He then
 gets six Members to sign his nomination paper. The
 next step is to grapple with an exhaustive printed cate-
 chism propounded by the Committee. Then the candi-
 date, with the first of his sponsors, submits himself
 to a personal interview with a Sub-Committee. If ap-
 proved, he is informed that the Committee will admit
 him, subject to certain conditions which are designed
 to give the Committee power to see that he shall carry
 out the requirements laid down for the security of the
 insuring public. He is required to undertake that his

annual premium income shall not exceed a certain amount, and he is called upon to deposit securities and guaranties on a scale adequate to his commitments. The next item in the ceremony is the exaction of a substantial entrance fee and a moderate annual subscription. CHAP. XXIII
1871-1927

Immediately after incorporation (in July, 1871), the entrance fee for a new Underwriting Member was fixed at £50. In December of the same year it was raised to £100; in April, 1887, to £200; in January, 1891, to £400, and in November, 1920, to £500—which however is reduced to £250, in certain specified cases.

These requirements being complied with, the new Member comes to terms with his Agent, and business is forthwith transacted in his name. In former times he would, if his Agent agreed, be permitted to receive his premium as it came to hand and pay his claims as they arose. For a long time however it has been compulsory to pay the premium into a trust fund under a trust deed, so that should the "Name" fail from causes other than his underwriting commitments, the premium received cannot be diverted to purposes other than the satisfaction of his underwriting liabilities. The object of this provision is, of course, to give the same security to the assured as was provided by the prohibition of underwriting in partnership by the Act of 1720. It has already been shown that one effect of this Act was to keep the underwriter's premium fund wholly distinct from the funds of any mercantile firm in which he might be a partner, with the result that the underwriting debts of a bankrupt underwriter were often paid in full, while his other creditors had to be satisfied with a dividend. When the marine insurance clauses of the Bubble Act were repealed in 1824, this security vanished; but early in the present century the Members of Lloyd's themselves, not without considerable opposition, voluntarily replaced the security of the assured on its old footing, by the establishment of

The premium
trust fund.

CHAP. XXIII the premium trust fund. Indeed it did more than this, because even the bankrupt's personal debts, other than liabilities under policies, cannot rank against the premium fund. The management of this fund forms an important and highly responsible part of the Underwriting Agent's duties.

The Audit. In underwriting accounts, each year is dealt with separately, and the result of a year's operations is not ascertainable for three or four years. Even at the end of this period a prudent Agent will probably retain the whole or a part of the profits (if any) as a reserve, and the "Name" will have the bracing and salutary experience of paying taxes upon his savings. If, however, the business prove reasonably successful, the waiting time comes to an end, and thereafter the "Name" may receive an amount more or less considerable every year. During all this period his accounts will be subjected to a rigorous audit; not an audit in the ordinary sense, which merely implies accurate accounts, but an audit designed to ascertain that, at each accounting period, the assets are sufficient to meet the liabilities, actual and prospective. So stated this may seem to be simple enough, but the tests applied are of a very searching nature and involve the most careful analysis. If the requirements are not met, the underwriter must cease business. In most cases all goes well and the "Name" knows nothing of the audit except that he has survived it. Men have come into Lloyd's young and departed at a good old age, their happy experience being that of receiving an annual cheque, and occasionally grumbling because it was not so large as that of the previous year. But others have fared badly; some disastrously. And from all there is but one lesson to be learned, viz.: "Choose well your Agent."

Origin of
the Audit.

The Annual Audit to which all Members of Lloyd's submit is, as already said, a very formidable process,

quite different from and far more searching than the ordinary audit customary with other undertakings. CHAP. XXIII
1871-1927

Its establishment is one of the outstanding events in the annals of Lloyd's. Amongst those who took a leading part in this important movement, Sir John Luscombe and Sir Raymond Beck deserved and received special recognition, each being awarded the gold medal for services to Lloyd's, and Sir Raymond Beck being the first recipient of that distinction. Sir Raymond Beck received this presentation in December, 1919, whilst Sir John Luscombe was similarly honoured in June, 1920, when the 50th anniversary of his membership took place.

In making the presentation to Sir John Luscombe, the then Chairman, Mr. Sidney Boulton, attributed the idea of the audit to Mr. Cuthbert Heath who, as early as 1906, refused to issue a guarantee policy to members unless their accounts were submitted to audit. The certificate required by Mr. Heath was much more elementary than the searching examination now imposed, but it was the germ from which the plant of to-day has sprung.

Again, as so often during its long history, Lloyd's responded to the requirements of progress. But the movement required many qualities: originality, perseverance, firmness, and tact. Mr. Boulton declared that no one but Sir John Luscombe could have induced so conservative a body as Lloyd's to accept the change, and it was generally felt that Sir John Luscombe's charm of manner and persuasiveness were important factors in this great achievement.

Mr. Sidney Boulton (subsequently Chairman of Lloyd's) was himself a very able, determined, and energetic member of the group which established the audit, and the movement owed much to his vigorous personality. It is an odd circumstance that the most vital factor in the whole scheme was inserted as an

CHAP. XXIII amendment. This was the all-important requirement
 1871-1927 that the current premium should be held under a trust deed and segregated to the payment of claims. This was moved at a meeting in November, 1908, in an exceedingly cogent speech by Mr. Arthur White, whose premature death was a great loss to Lloyd's.

The security
 of a Lloyd's
 policy.

It will be seen that the aim which the Corporation has set before itself, is so to order its affairs that the holder of a Lloyd's policy may have an absolutely unimpeachable contract, and that so far as financial stability is concerned, one Member shall be as good as another. Amongst the Members are to be found some of the wealthiest men in commerce, whilst others are men of moderate fortune. The aim of Lloyd's is that every signatory alike shall be good for his engagements. Not many years ago some prominent Members thought otherwise; they remembered the prestige of "Julians" as Angerstein's policies were called, and, in the circumstances of their day, brokers would give them a preference. But in the developments of our time it has become evident that if one Member suffer, all suffer with him. It is recognised that the good name of Lloyd's is a great trust, and there has grown up an *esprit de corps* which has shown itself capable of bearing a strain which might well have been considered insupportable.

A testing
 episode.

In recent years there was admitted to Lloyd's a man who behaved like a criminal lunatic. In relation to that person's commitments (which had nothing to do with the ordinary business of Lloyd's), the Members voluntarily disbursed more than £500,000. This vast sum was paid out notwithstanding the fact that the transactions were in the main fraudulent; but the payments were of course made only to innocent parties who would otherwise have been heavy losers by a fraud in which they had no part. It is interesting to reflect that it was undoubtedly the unique constitution of Lloyd's

that made this remarkable effort practicable. There was no compulsion and no dissent. An equitable basis was found, and each member without exception contributed his quota. It was a striking example of the efficiency of community of sentiment and interest, when applied to the maintenance of a high standard.

It may be observed that there is no community of interest amongst Insurance Companies analogous to that subsisting between Lloyd's Underwriters. The business of an underwriter at Lloyd's is carried on just as completely for his own profit as is the business of a Company carried on for the Company's profit. But each Company is an entity without any moral or sentimental responsibility for other Companies. The name of Lloyd's under which all Members trade, whilst conferring prestige, also entails a common regard for the general credit of "the Room." Whilst there is no legal responsibility resting upon the Corporation for an individual Member's default, it is impossible for the general body of Members to look with indifference on the failure of one of their number. Thus it has happened that, while during the last few decades the insuring public has lost scarcely at all by failures at Lloyd's, the loss by the default of public companies has been very considerable. It is possible that the more powerful Companies may feel a certain complacency at the disappearance of weaker rivals as tending to divert business to themselves, but there can be no doubt that every failure tends to bring discredit on the London market.

At the moment when these words are written, the Corporation of Lloyd's consists of 1,248 Underwriting Members and 95 Non-Underwriting Members. Annual Subscribers number 354, and there are 89 Associates. The securities deposited with the Corporation to safeguard the interests of policy holders amount to £10,414,729. The premium funds in trust amount to several millions. Then there are guarantee policies

CHAP. XXIII
1871-1927

Membership
and deposits.
1927.

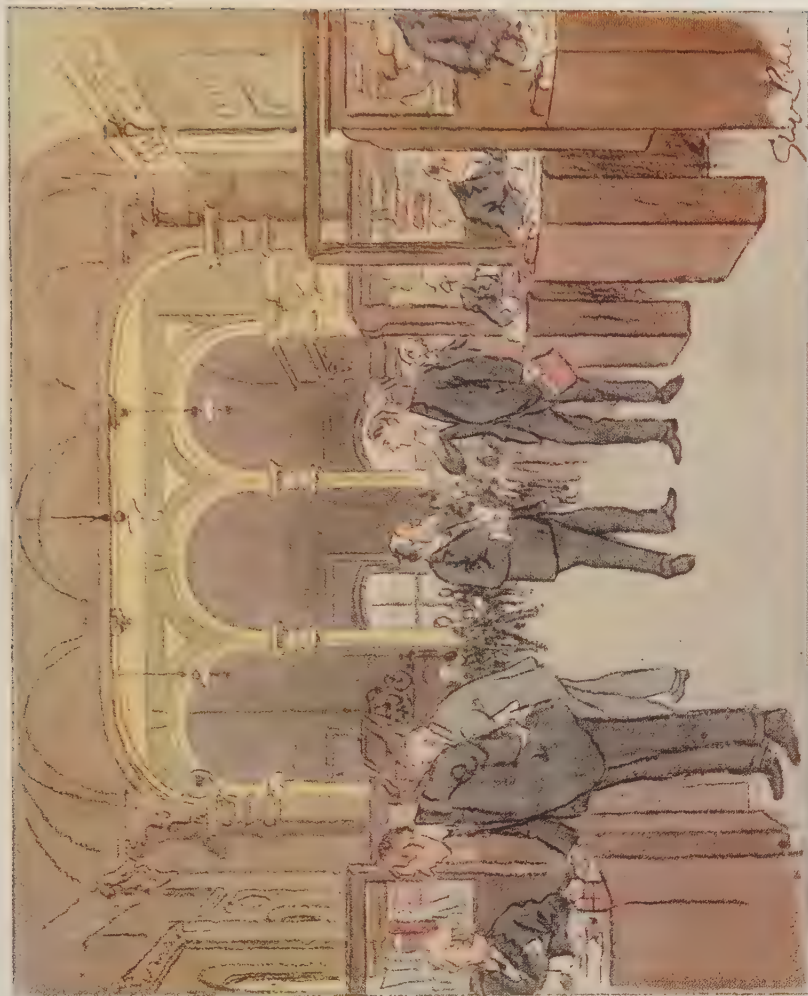
CHAP. XXIII amounting to £11,500,000, and there is also the security of each Member's personal fortune, liability being unlimited. These funds, in conjunction with the rigorous audit already mentioned, have fulfilled the expectations of the Committee. But the system of individual trading and individual responsibility continues. The securities mentioned above do not form a common fund out of which losses are made good. They are the aggregate of the deposits made by all the Members, and each Member's deposit is available for his own liabilities and not for any other Member's commitments. One Member is liable to make good the losses of another only to the extent to which he has agreed to do so by subscribing a guarantee policy. For the ordinary business of insurance these measures have proved to be amply adequate, and the remarkable case above recorded shows what Lloyd's can do in the way of meeting an unforeseen emergency.

Changes and
leaders at
Lloyd's.

Those whose memories of Lloyd's extend over forty or fifty years will agree that the "Room" has been transformed from a loosely organised, highly individualistic and conservative body to a modern, regulated, and progressive institution, always adapting itself to the requirements of modern commerce. Members with this long experience will recognise also that the Lloyd's of the twentieth century owes much to two remarkable men, one who has passed from the scene, Mr. Frederick William Marten, the other, still in active life, Mr. Cuthbert Eden Heath. To say that they were self-made men will not distinguish them from others; for all successful underwriters are self-made. One can no more inherit underwriting ability than one can be a hereditary poet.

F. W. Marten.

The revolution wrought by Marten consisted in the scale of his operations and the persistence with which he pursued new methods in the face of much criticism



by Glyn Philp.

LLOYD'S ROOM . 1927.

AS SEEN BY A PUNCH ARTIST

and to the accompaniment of the headshaking of those in authority. During the middle years of the nineteenth century, the underwriters at Lloyd's had become less enterprising and self-confident than they were in the days of Angerstein and Marryat. They were cautious in accepting risks and wrote, individually, only comparatively small lines on the risks they accepted. In these circumstances, business began to drift away from Lloyd's to the big marine insurance companies. Down to about 1860 the competition of the Companies had not been very effective; but with the decay of enterprise at Lloyd's and the growth of experience in joint-stock underwriting, it became formidable. In the seventies and eighties of the last century there were a number of sound companies, ably managed by men trained at Lloyd's, competing for marine risks and, when Marten first began to operate, Lloyd's was scarcely more than a supplementary market. As he proceeded, and was followed by competitors, he created in Lloyd's an alternative market where it was possible to place insurances on a scale quite unknown fifty years ago. This movement, coinciding as it did with a vast expansion of British commerce, was a great service to the whole insurance community and was a powerful factor in making London the centre of world insurance; for nowhere else could a sound market be discovered for the ever increasing values for which cover was required. Another characteristic of Marten was his readiness to consider new requirements and to bring to current business a fresh mind unhampered by prejudice or precedent.

He underwrote for about twelve "Names," and his marine premium income was often far in excess of that of a great insurance company. He was a man of exceptional though highly specialised mental power. He possessed moreover other characteristics of a moral order which greatly enhanced his success, a remarkable

CHAP. XXIII
1871-1927

Companies' competition.
c. 1870-80.

Marten and large scale underwriting.

CHAP. XXIII imperturbability in face of disaster and an admirable
 1871-1927 habit of keeping faith. He never "let down" a broker by quoting him a rate and subsequently, in a fit of forgetfulness, underwriting the same risk to a competitor at a lower premium.

An interesting result of the change which the movement initiated by Marten brought about, is that whereas, prior to his day, the Companies, in their search for underwriters, picked the best men from Lloyd's, in these times a prominent Lloyd's underwriter can very seldom be tempted to occupy the underwriting chair of a Company. A very aged underwriter recently deceased, who underwrote at Lloyd's in the pre-Marten epoch, represented three "Names" and related that he was afraid to take a fourth for fear of "spoiling his show," a cryptic phrase which, being interpreted, signifies losing his business. This gentleman, Mr. F. A. White, left Lloyd's in 1874, underwrote for the Marine Insurance Company from 1874 to 1899, then became a director and in June, 1924, completed fifty years with the Company. In 1926, at the age of 85, he hunted three days a week.

Cuthbert
 Eden Heath.

In the geography of Lloyd's Room, the "box" of Marten lies next to that of Mr. Heath so that, by an odd accident, these two revolutionaries sat back to back, and the crowd of brokers waiting for Marten jostled the crowd waiting for Mr. Heath. The juxtaposition was significant for, though the delimitation of their spheres of influence was well marked, the large scale underwriting initiated by the one was essential to the revolutionary operations of the other. Let those who think the word "revolutionary" exaggerated consider the conservatism, indeed the pompous diehardism, of the Lloyd's of forty years ago. At this epoch it was customary to write by hand the names composing a group, with the amounts accepted by each "Name." The suggestion was made (some thought inspired by

Satan) that the insertion of the names in the policy should be by means of a rubber stamp and the whole amount accepted by the syndicate, of say six "Names," bracketed with the words "each one sixth." This was thought to be "opening the floodgates" but, very gradually, such is the depravity of man, the practice became universal.¹ To such a community Mr. Heath's proceedings were indeed portentous, and they would have been abruptly terminated but for the fact that he was personally unexceptionable and that his revolution was brought about in the English manner, gradually, peacefully, almost imperceptibly.

CHAP. XXIII
1871-1927

The son of one Admiral and godson of another, Mr. Heath was only prevented from entering the navy by his deafness, so that a philosophic mind may reflect that, but for this infirmity, Lloyd's might have remained a purely marine insurance institution and, for good or evil, another Admiral might have been in command at the battle of Jutland. After a year or two in a broker's office he became an Underwriting Member of Lloyd's in the early eighties and, for two years, he employed an Underwriting Agent with no marked success. He then began underwriting for himself and two others. His father happened to be a director of the ancient mutual fire office known as the "Hand in Hand" and, as mutual offices were debarred from re-insuring with Tariff Companies, a re-insurance contract was placed with Lloyd's Underwriters. Very soon Mr. Heath was underwriting for a considerable number of "Names," and the business of fire insurance at Lloyd's rapidly developed. As it developed, the scope was increased by the issue of policies covering loss of profit by reason of fire, a revolutionary proceeding which caused the then Chairman of the Tariff Companies' Committee to warn Mr. Heath that, by accept-

Fire Risks
at Lloyd's.

¹ In the *Golden Fleece* policy of 1681, it was thought necessary for each underwriter to sign thus: "£100 I John Berry am content with this assurance which God preserve for £100. 20 January, 1680."

CHAP. XXIII
1871-1927

Burglary
insurance.

ing this risk, he was ruining fire insurance. Undeterred by this warning, the innovator produced a fresh monstrosity in the shape of the first burglary policy, the parent of an innumerable progeny. Here the supply produced a demand which forced the Companies reluctantly to take up this new branch of business. One of the most important Companies disliked the risk so much that Mr. Heath for some years had the pleasure of reinsuring the whole amount accepted by that Company. The great development of Employers' Liability, occasioned by the various Acts of Parliament dealing with that subject, led to a further extension of the sphere of insurance business effected at Lloyd's and, here too, Mr. Heath was one of the chief pioneers. The insurance against hurricanes and earthquakes was also introduced, on the basis of an exhaustive statistical survey undertaken by Mr. Christopher Head, whose career was tragically ended in the *Titanic*.

Growth of
fire risk
insurance
at Lloyd's.

There was a weakness in the constitution of Lloyd's which it became essential to remove in order to make possible the development of an immense non-marine business. Although fire insurance, as already shown, was practised at Lloyd's more than a hundred years ago,¹ it had never taken root, and the deposits exacted from underwriters as a condition precedent to membership were, by trust deed, expressly limited to marine and transit insurances. The assured's security for non-marine risk was therefore dependent solely on the underwriter's solvency, without recourse to the deposits. This weakness has been completely surmounted: but for a considerable time the Committee of Lloyd's was more concerned to discourage fire insurance than to increase it by giving security to the assured.

On the 11th November, 1885, the Committee instructed the printers of Lloyd's policies not to print

¹ See p. 219 *supra*.

Lloyd's stamp on any Fire Insurance policy and, on the 23rd March, 1892, the following notice, authorised by the Committee, appeared in the *Times*: CHAP. XXIII
1871-1927

"In view of the increasing number of policies effected at Lloyd's covering risks not connected with marine insurance, the Committee of Lloyd's desire to call attention to the fact that the deposits and guarantees lodged with them by underwriting members as security for their individual liabilities contracted at Lloyd's are applicable only to settlement of claims arising upon policies which relate to the following subject matters of insurance, viz: vessels of any description (including barges and dredgers) cargoes, freights, and other interests which may be legally insured in, by, or in relation to vessels, cargoes, and freights; goods, wares, merchandise, and property of whatever description insured for any transit by land or water, or both, and whether or not including warehouse risks or similar risks in addition or as incidental to such transit."

This was an honest and straightforward notification to those who accepted a Lloyd's Fire policy; but, if the Committee of that day had favoured the new development, they would have sought to remedy the weakness rather than advertise it. Fortunately Mr. Heath was foremost amongst those who desired to take every reasonable measure for establishing the business on a sound basis. As already mentioned he had anticipated the audit before it was universally adopted by Members and, in association with Mr. Henry Head, had taken the fundamental precaution of establishing a trust for premiums. Although he became an underwriter on a very large scale, he was extremely cautious in the early stages of his innovations. The premium accepted for a syndicate of fifteen "Names" was, in the first year (1887), only £2,300; for 1888 it was £7,000; by 1907, it had risen to £100,000 for twenty "Names." In the interim Mr. Heath was writing for other syndicates, and steps had been taken to provide security for non-marine risks.

The institution of the audit, and of the system of guarantees in respect of non-marine risks, came precisely at the moment when the Assurance Companies

The Assurance
Companies Act.
1910.

CHAP. XXIII Act was in course of preparation. The promoters of
 1871-1927 that Act were supposed to be far from friendly to Lloyd's, and in some quarters, hopes were cherished that the enactment might be turned into an engine for the elimination of Lloyd's as a market for non-marine risks. In dealing with this critical situation Sir John Luscombe, Sir Raymond Beck, and Mr. Cuthbert Heath, together with Sir Henry Johnson, the Solicitor to Lloyd's, were eminently successful. It was, of course, no part of Government policy to stifle competition, and when the able officials in charge of the Bill were convinced of the sufficiency of the safeguards offered by Lloyd's, the difficulties attendant on the passing of the Act were removed.

Lloyd's Act
 amended to
 cover fire
 insurance.
 1911.

The Assurance Companies Act having enacted rules for the conduct of non-marine insurance by Lloyd's Underwriters, the natural corollary was to promote a Bill to amend Lloyd's Act, with the object of the removal of that provision which confined the business of Lloyd's to marine insurance. The Bill met with considerable opposition both in the House of Lords, where it was first introduced, and also in the Commons, but eventually it passed into law.

It is a commonplace with legislative enactments that they seldom produce either the benefits which their promoters promise or the evils which their opponents predict. The establishment of the Corporations in 1720, supposed to be the death knell of individual insurers, was, as we have seen, a powerful factor in the growth and consolidation of Lloyd's. The abolition of the monopoly, opposed strenuously by Lloyd's, has proved to be a stimulus to incorporation and consistent with development. The Assurance Companies Act, advocated by some with the object of destroying Lloyd's as a non-marine market, has, in fact, tended to establish the security offered at Lloyd's on a still sounder foundation.

The Acts of Parliament exclusively referring to Lloyd's are summarised in an appendix; but since general insurance business (always excepting life insurance) has been practised by Members, they have naturally been brought within the scope of Acts passed for the regulation of certain forms of insurance, particularly Fire, Accident, and Employers' Liability. So far as Lloyd's is concerned these Acts have done little more than embody in a statute, regulations already instituted by the Corporation.

CHAP. XXIII
1871-1927

It is important to notice that, with general consent, a system of control over Members has been established in two ways, viz.: by the operation of By-Laws, and by the undertakings upon which new Members are required to enter as a condition of membership. The yoke of the By-Laws is easy but the restrictions which a new Member has to accept are extremely rigorous. It has been said above that these restrictions have been made "with general consent" and, as no one has thought fit to raise objections at General Meetings, the assertion seems to be warranted. The fact however remains that the liberty which had been jealously guarded by the Members in General Meeting, has crumbled away by the imposition of conditions upon new Members in the privacy of the Committee. A Member elected in the nineteenth century or in the early years of the twentieth, is in a position of greater freedom and less responsibility than those elected in recent years. The old Member had no restriction on the magnitude of his business; the new is severely restricted. The old Member could employ as many Agents as he desired; the new must not change or add to his Agents without the consent of the Committee. All these regulations have one object—to promote the security of a Lloyd's policy—and, whilst they give protection to the assured, they are also, in some degree, a safeguard for the Mem-

Membership
conditions
made more
strict.

CHAP. XXIII
1871-1927

ber in his relations with his Agent. It is good for the public, for the Corporation, and for individual Members that an underwriter's resources should be adequate to the amount of his commitments.

There is yet another piece of legislation affecting marine insurance to which some reference must be made. The reputation of Lloyd's as an arena for speculative or gambling risks has always been greater than the amount of such business actually transacted would justify. A comparatively small number of underwriters and brokers conducted this type of business, but, as it was more interesting to the average newspaper reader to know that a hundred pounds on the overdue *Mary Ann* could be placed at fifty guineas than that a million on Specie by a P. & O. Liner had been insured at one shilling per cent., the minor gamble was reported in newspapers which ignored the regular business of legitimate insurance.

The Gambling
Policies Act.
1909.

Although contracts of insurance made on behalf of persons having no insurable interest were void at law, they were not illegal, and normally the business was carried on without scandal. At times, however, there were outbreaks of fraud and criminal conspiracy, in the course of which vessels were deliberately sunk. In the early years of the twentieth century, the scandal became so gross that some persons would advise others to place insurance on a certain specified ship which was shortly to be sunk. In order to correct this grave abuse the Gambling Policies Act, 1909 (9 Edw. 7, c. 12) was passed, by which it became an offence "to effect a contract of marine insurance without having any *bona fide* interest direct or indirect in the safe arrival of the ship . . . or a *bona fide* expectation of acquiring such an interest." The offender is liable to imprisonment with or without hard labour, or to a fine not exceeding £100.¹ This Act completely achieved its purpose,

¹ Arnould—Sec. 313a.

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W. F. & Co., LTD.

DEF. A/C

1/4 R.D.C. (Over the line) 1/4 A. No. 10/11
 Add "Bank, Branch, or on fire, or in collision"

Olympic
 Titanic

12 no 10/11

Shull - Mad 10/11

10/11 1000000

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but it still leaves the ordinary "policy proof of interest" insurance effected by persons having an interest in the venture, but without insurable interest under the policy, not illegal although invalid.

CHAP. XXIII
1871-1927

Of much greater importance in relation to the great mass of ordinary insurances, marine, or non-marine, is a more recent reform, brought about by consideration of mere business convenience. In the great development of Lloyd's during the closing years of the nineteenth and the opening years of the twentieth century, new methods of dealing with the mechanical side of the business became imperative. Mr. Belcher's drawing shows Lloyd's Room in 1927. It will be seen that the Coffee House arrangements survived. The underwriters are seen sitting at Coffee House tables; the brokers offering business pass up and down the passages between the rows of tables. The broker exhibits a "slip" such as that insuring the ill-fated *Titanic*, of which a reproduction is here given. Each Underwriting Agent inscribes the "line" taken by his group, and the "slip" thus forms the basis of the policy. Until the year 1918 each broker's clerk had to take the policy with the slip to each Underwriting Agent. The policy had to be left for a considerable time, and when the underwriter's clerk had signed it, he placed it with others in a cage at the end of the box. From this cage the broker's clerk extricated it and, in doing so, if, as sometimes happened, he was more acute than scrupulous, he would glean information regarding other brokers' business and make use of it to his own profit and the other brokers' discomfiture. In itself this signing process was a slow and cumbrous affair, but it might have endured for many more years were it not that the congestion in the aisles became unbearable. The circulation of brokers showing risks and clerks distributing or gathering policies, combined with the

The Signing
Office for
Policies.
1918.

CHAP. XXIII crowds waiting on leading underwriters, made the conduct of business a matter beyond physical endurance.
1871-1927

The remedy was found in December, 1917, one of the darkest periods of the war, by the acquisition of a large building, No. 53, Cornhill, wherein what became known as the Signing Bureau was established. This important enterprise was largely due to the energy and initiative of a leading broker, Mr. Walter Hargreaves. Here the Corporation installed a staff, and hither had to be brought policies for signature and subsequently claims for adjustment. Amongst the incidental advantages brought about by this change, three deserve special emphasis. (1) The new system involves more systematic checking, and results, far more generally than before, in the document accurately representing the terms of the agreed contract. (2) Under the old method policies were sometimes lost or separated from the slips—and (3) as they had to pass through many hands, they too frequently emerged as slovenly and unclean documents. The Bureau has now vacated its first home and is housed in the great building recently erected, where all the activities of Lloyd's are under one roof.

A safe-guard
against fraud.

This expedient, designed to surmount a purely mechanical inconvenience, is certain to have consequences of vital importance to the progress of Lloyd's. It has been seen that the paramount idea which has governed the Corporation for the last half century, is to establish the credit of a Lloyd's policy on an impregnable foundation. The deposits and guarantees, the exacting audit, the distinguishing marks on the policies, the stringent engagements imposed upon Members, all were designed for one purpose only, an unimpeachable policy. There was, however, one element against which it seemed impossible to guard—the element of fraud. Now, anyone examining a Lloyd's policy will find the following notification prominently printed:

"No policy or other contract dated on or after 1st January 1924 will be recognised by the Committee of Lloyd's as entitling the holder to the

benefit of the Funds and/or Guarantees lodged by the Underwriters of the policy or contract as security for their liabilities unless it bears at foot the seal of Lloyd's Signing Bureau."

CHAP. XXIII
1871-1927

As, therefore, all policies must now be signed at the Bureau,¹ and as the Bureau is controlled by the Committee, it follows that the position is quite different from that which existed under the old individualistic system. Moreover, in the case of the enormous fraud to which reference has been made, the transactions which related to the ordinary business of Lloyd's were easily met. The main loss arose from a wild cat scheme of insuring accommodation bills. The working of this scheme, which was equivalent to the uttering of a new currency, would be impossible under present conditions.

A great quantity of useful though unobtrusive work is performed by Lloyd's Average Department, which was instituted in 1885. In the course of marine insurance business, it frequently happens that unless underwriters make payments before their exact liability is ascertained, the assured may be compelled to advance considerable sums of which they might be deprived even for some years, whilst the adjustment of a complicated average is proceeding. Again, underwriters are called upon to pay forthwith for the sacrifice in General Average of the whole or some portion of the goods insured, and the fact of such payment gives them the right of recovery of such proportion as may be due from the other parties concerned in the adventure. A similar position sometimes occurs consequently on collision. In these circumstances, unless due vigilance be exercised, the underwriters may never see the balances due. Keeping in touch with transactions of this kind forms perhaps the most valuable part of the services rendered by the Department. In other ways its work is parallel or complementary to that so usefully performed by the Salvage Association.

Functions
of Lloyd's
Average
Department.

¹ Now (1928) known as Lloyd's Policy Signing Office.

CHAP. XXIII Notwithstanding all the measures which have been
 1871-1927 adopted to qualify the freedom of individual under-
 writers, there remains a broad field within which enter-
 prise has the fullest scope. The Committee does not
 interfere with business so long as its regulations are
 observed, and it has been found desirable to devise a
 method of consultation on such matters of general in-
 terest as do not fall within the Committee's province.
 For this purpose two Associations have been formed,
 Lloyd's Underwriters' Association and Lloyd's Fire
 and Non-Marine Underwriters' Association. These
 two Associations are entirely voluntary. They exercise
 no control, nor do their functions in any way conflict
 with those of the Committee of Lloyd's, which re-
 mains the supreme authority. They discuss matters
 relating to underwriting business and, through their
 officers, they are enabled to consult with the Com-
 mittee of Lloyd's, the Institute of London Under-
 writers, and Lloyd's Brokers' Association. The last-
 named Association is also formed for consultation on
 matters of general interest to brokers, and it is valuable
 as a connecting link between the underwriting bodies
 and the Committee of Lloyd's on the one hand, and
 the insuring public on the other. Here again Lloyd's
 Brokers' Association exercises no disciplinary powers,
 these being entirely vested in the Committee of
 Lloyd's.

Underwriters'
 and Brokers'
 Associations.

How wide a range is covered by the activities of
 those who are banded together in these Associations
 has already been partly shown; but the extension of
 the security afforded by a Lloyd's policy to a vast var-
 iety of miscellaneous risks is a matter of so much im-
 portance, not only to the Members of Lloyd's, but to
 the ordinary business man and the private citizen, as
 to deserve a little further consideration. It remains to
 show both how wide this extension of Lloyd's activities
 has been, and why it has come about.



LLOYD'S NEW BUILDING: ENTRANCE IN LEADENHALL STREET

FROM A DRAWING BY WILLIAM WALCOT, F.R.I.B.A.

CHAPTER XXIV.

LLOYD'S AS UNIVERSAL PROVIDER.

1927.

ONE of the most astonishing symbols of development in the annals of commerce is contained in a statement made by the Chairman of Lloyd's on the 18th July, 1923, when he said that "Non-marine guaranties at Lloyd's had grown from £366,000 in 1904 to thirteen millions in 1921." There is every indication that this development will be progressive and it is difficult to set limits to the possibilities of the future. Why is it that, no matter what emergency may arise, the apprehensions and alarms of the ordinary trader or private citizen can find a sedative at Lloyd's? It is because, under carefully devised conditions as to security, there sit in Lloyd's Room a large number of men, accustomed to take risks, whose freedom is unhampered save by a few well understood restrictions, who have no superiors to consult, and who can at once turn their minds to any subject brought under their notice. Nor should it be forgotten that the Lloyd's Broker plays a very important part, in studying the problem before it is presented to the underwriter and in submitting the "Slip" or preliminary contract in an intelligible form. Indeed, a broker, with due sense of responsibility, will refuse to submit a risk if he have reason to doubt the good faith of the person inviting insurance, and it should be noted that, as the broker is responsible to the underwriter for the premium, the former must, for his own protection, be satisfied on the question of finance. Thus, in considering a risk, the underwriter does not ignore the characteristics of the broker who offers it. It will readily be seen that conditions such as these are extremely favour-

Growth of
non-marine
guarantees.

CHAP. XXIV able to enterprise, and so it has come about that Lloyd's
 1927 is resorted to by those who wish to carry on their daily
 work and to sleep at night.

The place of
 insurance in
 facilitating
 business.

The indirect effects of adequate insurance resources, in facilitating business and making enterprises practicable to persons of only moderate financial means, are not always appreciated. In this manner the judicious underwriter is a useful complement to the banker. The fear of a remote, but formidable, risk such as earthquake, would in some cases prevent an enterprise being undertaken, were it not that by payment of a small premium the risk can be neutralised. This has been a commonplace in regard to marine and fire insurance but, in recent years, mainly through the intervention of Lloyd's, the area of insurance has been indefinitely extended. Thus apprehensions of political or industrial disturbances have been met by insurance against riots and civil commotions. Insurances against outbreak of war, against changes in State Administrators when elections are pending, against changes in an elected assembly which may prejudice or advantage the interests of the assured, all come within the scope of Lloyd's. Damage to property on land arising from hurricanes, typhoons, floods, or other perils, can be covered. The subsidence of an important building induced many interested in similar structures to pay a trifling premium to guard against a similar fate.

Miscellaneous
 Risks.

It does not come within the scope of this work to form a guide to insurance at Lloyd's, but some indication of the wide area to which insurance now extends is not without historical interest. At Lloyd's the commercial world finds a free market for such risks as Fire and Lightning, including consequential loss of profits, Storms, Hurricanes, Earthquakes, Typhoons, Tidal Waves, Explosions, Employers' Liability, Fidelity Guarantee, Sprinkler Leakage, War, Riots, Civil Commotions, and liabilities arising from Motor Transport.

The growth of Joint Stock Companies, public and private, has enormously increased the responsibilities of Solicitors and Chartered Accountants who, as well as Directors, can insure against loss by the negligence or inadvertence of themselves and their employees. Stockbrokers, Stockjobbers, Bankers and Financiers are covered against loss of securities, in course of delivery, by reason of the negligence, criminality, or misfortune of other parties.

The private citizen can obtain cover for such of the above risks as may apply to him. A householder today, still subject to all the losses which beset his class in the past, has now the additional burden of many liabilities imposed by law. The first comprehensive policy, dealing with all these perils, was framed at Lloyd's, and it has been brought up to date by the inclusion of new perils, such as those arising from aircraft, and many of the risks enumerated above as applying to commerce. Allusion has been made in a previous chapter to the fact that Burglary insurance originated at Lloyd's, and it may be added that personal valuables such as furs and jewellery can be insured against all risks, however and wherever they may arise.

Lloyd's and
the private
citizen.

The needs of the motor car owner are fully met; and those who incur expenditure in preparation for fêtes or sporting engagements which may be defeated by bad weather, can also obtain cover. Preparations are made and expenses incurred for agricultural shows and other functions, which may have to be abandoned owing to an outbreak of foot and mouth disease, or other untoward event. This risk is insurable at Lloyd's.

There are many institutions, philanthropic, educational, and other, upon which wholly unexpected liabilities may fall, and contingencies such as these can often be guarded against by the payment of a merely nominal premium.

One curious but useful phase of insurance is that

CHAP. XXIV which relates to personal gifts. A surgeon or a musician will insure his hands, a dancer her feet, others their eyes.

1927

The disturbing activities of Chancellors of the Exchequer in imposing or even remitting taxes, activities which often affect commercial interests in a very acute fashion, send anxious importers or exporters to Lloyd's, where their anxieties are to some extent allayed.

Air Risks.

The underwriters who used Lloyd's Coffee House would be astonished to learn that their successors are now insuring the navigation of the air. In recent years Air insurance has been developed in every form, including insurance of the machines themselves, of cargoes, and of all contingent liabilities. This form of insurance has close affinity with sea risk, and is developing on somewhat similar lines. It will probably be found that, in relation to air transit, just as in other spheres, the practice of insurance, far from encouraging inefficiency or recklessness, tends to promote safety.

The constitution of Lloyd's is not adapted to Life insurance but, apart from that great department, it may be claimed that, in the insurance world, Lloyd's is the Universal Provider.

CHAPTER XXV.

THE FUTURE OF LLOYD'S.

"All experience is an arch wherethro'
gleams that untravelled world."

THE making of this record and the erection of the vast building which is to be the future home of Lloyd's have proceeded simultaneously.

It has been shown that Lloyd's is something more than a commercial institution, and that, in many ways, it has been an expression of national development and a factor in national progress. A century and a half have passed since Lloyd's emerged from the Coffee-House and took up its abode in the Royal Exchange. That marked a change in *status* as well as an improvement in housing. What does the present enterprise portend? The long period at the Royal Exchange witnessed first, the growth of the corporate spirit, then the embodiment of that spirit in the Act of Incorporation, and finally, the insistent demand that individual underwriting should be made consistent with security so unquestionable as to be worthy of an Institution with the proudest traditions. Lloyd's has thus solved the problem of combining with unimpeachable security, the flexibility and the extraordinarily low working expense which characterise the individual method of underwriting, and it therefore offers a market unrivalled in the world. In examining the records of Lloyd's, one is impressed by the insignificance of the purely corporate property, compared with the wealth of the Members and the securities held by the Corporation in respect of the commitments of individual underwriters. This discrepancy is less striking than it was when the Act of Incorporation was passed. The Corporation now possesses a great estate. But it seems reasonable to suppose that, although individual underwriting will

Growth of
corporate
spirit.

CHAP. XXV continue its vigorous activities, care will be taken, much more in the future than in the past, that the resources of the Corporation shall be commensurate with those of its individual Members.

An historic
site acquired.

In 1923, under the Chairmanship of Mr. A. L. Sturge, the Committee availed itself of a unique opportunity by acquiring, at a cost of £500,000, the freehold of 40,000 square feet, or more than three quarters of an acre, of land in the central part of the City of London. This, the site of the old East India House, was, when purchased, covered with buildings including, chiefly, East India Avenue, and possessed a frontage in Leadenhall Street, sufficient to provide an imposing entrance, and also a long frontage in Lime Street.

It is not without regret that the Members of Lloyd's depart from the historic building which has housed them and their predecessors during a tenure of almost unparalleled duration. But they will occupy a site which has interesting historical associations of its own. The old and the new India Houses have departed: excavations for the building of East India Avenue had already exhausted the strata which contained objects associated with historic times, and it was reserved for those who dug the foundations of the present building to find the prehistoric and to bring to light the Lloyd's skull, an object received with enthusiastic interest by men of science, who have promptly identified it as part of a left handed woman, and ranked it, in anthropological interest, by the side of Neanderthal man.

Lloyd's new
building.

On the 23rd May, 1925, His Majesty the King, accompanied by Her Majesty the Queen and H.R.H. Prince Henry, laid the foundation stone of the new building to be erected from the designs of Sir Edwin Cooper, the architect of the Port of London Authority's building. In receiving His Majesty, the Chairman, Mr. Percy G. Mackinnon, read the following address: "In graciously consenting to lay the Foundation

Chairman's
address to
the King.



THE EAST INDIA HOUSE FROM THE EAST

From a drawing in the India Office by Thomas Malton the younger

Stone of the new Lloyd's, Your Majesty, together with Her Majesty the Queen, whose presence we gratefully acknowledge, is giving Royal approval to an enterprise essentially British both in origin and development. Its origin is to be found in the seventeenth century when Merchants interested in overseas commerce resorted to the Coffee-House kept by Edward Lloyd, first in Tower Street and then in Lombard Street. Doubtless there came to Lloyd's Coffee-House the most famous 'Clerk of the King's Ships,' Samuel Pepys, in order to obtain, and sometimes, to give information, and thus began that relationship between the Royal Navy and Lloyd's which has subsisted to the present day.

"From this modest, almost casual, beginning there has grown up, by imperceptible gradations, the Corporation of Lloyd's, at once National and International: National in its peculiarly British characteristics, International in its world-wide organisation and influence. Even throughout the vicissitudes of the Great War it continued to command the confidence of the business communities in the allied and neutral nations.

"Lloyd's did not emerge from the Coffee-House stage until the last quarter of the eighteenth century, when, under the guidance of Angerstein, it took up its position in the old Royal Exchange, and, after the burning of that building, in the present Royal Exchange, which in 1844 was opened by Her Majesty Queen Victoria. It is from this place that Lloyd's is about to move to a site that has an interest for the Emperor of India, as well as for the King, for here stood the India House, the home of the East India Company, another characteristically British enterprise, which, setting out to exchange merchandise, founded an Empire.

"Thus the business which two and a half centuries ago lived only in a coffee-house, is now to find its permanent home in one of the greatest buildings erected in the

CHAP. XXV City of London since the day of Wren. To that new home the Members of Lloyd's will carry with them the memories and associations which belong inseparably to those who go down to the sea in ships and have their business in great waters, and who, by their lives and work, have wrought in us the ever deepening realisation of the interdependence of all peoples. The nations of the world are knit together by strands woven from commerce of which the old East India House and Lloyd's are representative.

"Your Majesty's loyal subjects who form the present Corporation of Lloyd's are conscious that they are the inheritors of a great tradition, and that the stone which Your Majesty lays to-day is the symbol of no mere material increase, but of that lasting foundation of honour and integrity which has been well and truly laid by generations of honourable and upright traders. It is to that tradition that we owe Your Majesty's gracious presence here to-day, when we are resolving afresh to maintain and transmit it unimpaired; and for this invaluable sympathy and encouragement we desire to lay before Your Majesty our loyal and humble gratitude."

The King's
reply.

The King then read his reply, as follows:

"I thank you for your loyal and dutiful address and enthusiastic welcome.

"It affords me the greatest pleasure to come here and lay the Foundation Stone of Lloyd's new building. I have been impressed, as everyone must be, by the extraordinary and romantic history of Lloyd's, outlined in your Address, and by its evolution from an ordinary seventeenth century Coffee-House to the great public and international Institution familiar to us all. Cromwell said that no one rises so high as he who does not know whither he is going, and this has held good in our organisations as well as in men.

"You have also referred with legitimate pride to the

traditional honour and integrity upon which the greatness of Lloyd's is founded. The history of the Corporation is the embodiment of the highest qualities of British Commerce. Lloyd's policy has never been a one-sided pursuit of gain, but a combination of keenness and efficiency in business with a real and deep public spirit.

"It is not a mere coincidence that we owe the institution of our Lifeboat Service to Lloyd's or that our National Gallery began with the pictures collected by a famous Chairman of your Body.

"There is one branch of your work which calls for special reference and all the more so because you have modestly forbore to make the least allusion to it yourselves—the inestimable services which Lloyd's has rendered to the country in war time. Throughout the long wars of the Revolutionary period, Lloyd's was constantly able to supply the Admiralty with valuable information as to the safety of commerce; the presence of hostile cruisers in the Channel, or the loss of merchant vessels through enemy action, and took a most active interest in the adoption and better organisation of the convoy system. In similar circumstances in our own day, the Lloyd's of 1914 rose again to the situation and displayed the same loyalty and public spirit as in 1793. The State largely depended on the machinery of Lloyd's for reports, received through its agents and other channels, which contributed to the safety of British shipping and British cargoes of indispensable value to the welfare of the country.

"It would, however, give an imperfect view of the scope and effect of your work were no mention made of its international character; your world-wide organisations and influence have always been at the disposal of all maritime peoples who are in peace and amity with the British Empire.

"Remembering the history of your Corporation and

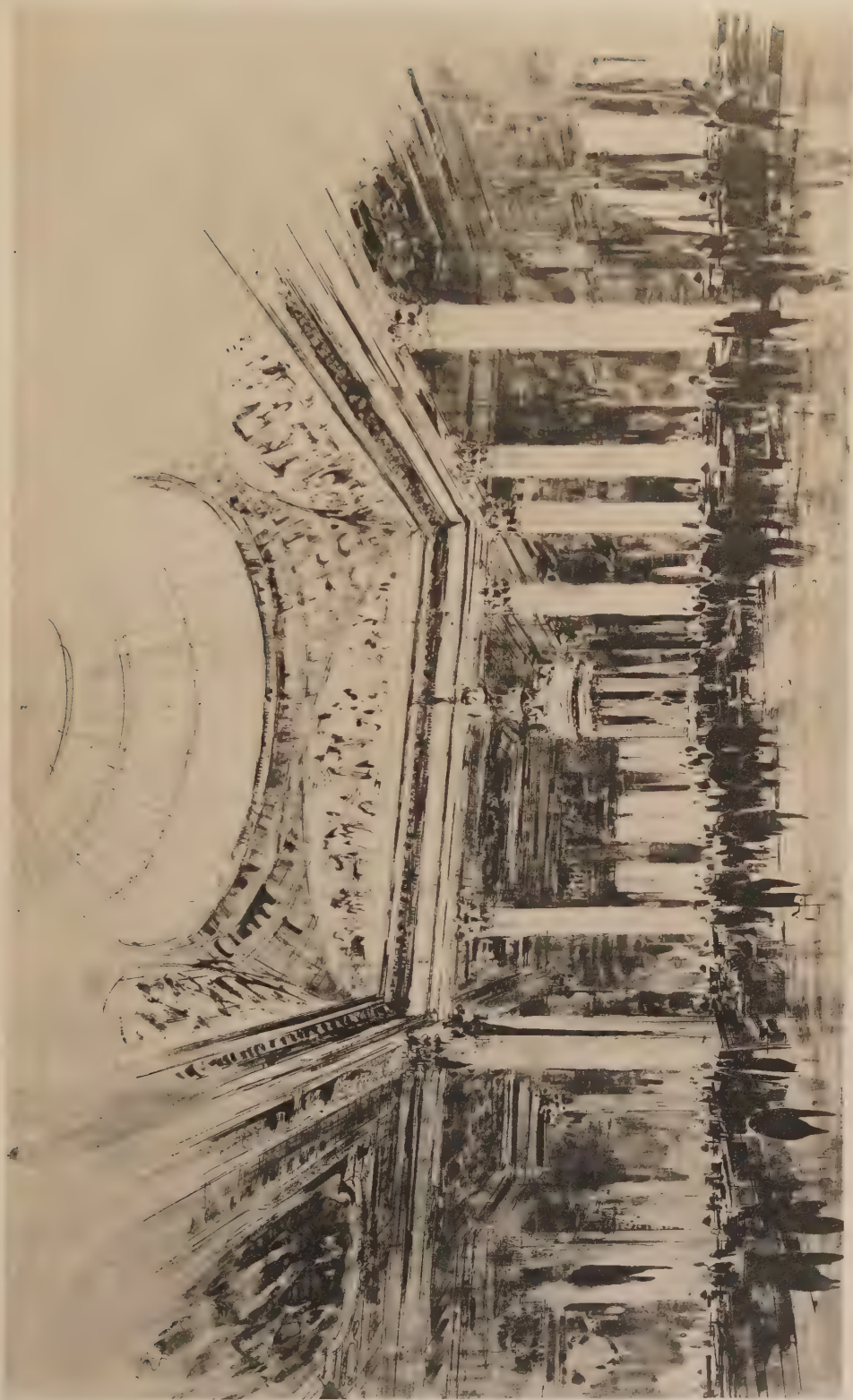
CHAP. XXV its record of services to Great Britain and the whole world, we confidently hope for still greater things from that expansion and development—the outcome of to-day's inauguration. Even without the assurance in your Address, your fellow countrymen proudly recognise that you are conscious of your great inheritance and traditions and determined to hand on these to future generations.

“I pray that the Blessing of God may rest upon the Corporation of Lloyd's. May your new home witness a continual growth in your work, prosperity and well-earned honour.”

Aspiration. The King's gracious words and the Chairman's speech indicate the spirit in which the Members of Lloyd's enter upon a new epoch. They feel that they are the trustees of a great tradition and that the occasion is not one for arrogant boastfulness but for a resolution that, so far as in them lies, the Lloyd's of the present and of the future shall be worthy of its past.

The vital question for the Lloyd's of the future is the character of its Members, and no magnificence in its building will atone in even a small degree for deterioration in moral calibre or in business efficiency—“If we are conscious of our station and glow with zeal to fill our places as becomes our situation and ourselves we ought to . . . elevate our minds to the greatness of that trust to which the order of Providence has called us.”¹

¹ Burke on Conciliation with the Colonies.



LLOYD'S NEW BUILDING: THE UNDERWRITING ROOM

FROM A DRAWING BY WILLIAM WALCOT, F.R.I.B.A.

APPENDIX "A."

SHIPPING LOSSES IN THE REVOLUTIONARY WAR.

CONFIRMATION OF BENNETT'S FIGURES.

The following calculation, while not absolutely conclusive, tends strongly to confirm the accuracy of Bennett's figures:

Ships on Register of British Empire, 30					
Sept., 1792	..	..	..	..	16,329
Taken by Enemy, 1793-1801 (Bennett's					
figures)	..	..	..	..	3,919
Less retaken	..	..	..	..	799
					3,120
Lost by Marine Risks, 1793-1800 (<i>Naval</i>					
<i>Chronicle</i> , XVII, 369, based on <i>Lloyd's</i>					
<i>List</i>)	..	..	..	..	2,967
Add for 1801 and 1802, two years'					
average loss	..	..	..	..	742
					3,709
Total deductions	..	..	..	..	6,829
					9,500
Ships built 1793-1802					8,890
Prizes on Register, 1802	..	..	..	..	2,827
Less number on Register, 1792	..	..	..	..	609
					2,218
Total additions	..	..	..	..	11,108
					20,608
Actual number of Ships on Register, 30					
Sept., 1802	..	..	..	..	20,568

Unfortunately, the number of prizes added to the Register each year is not officially stated, and there must have been a number of prize ships included among those lost by war or marine risks, which did not, therefore, figure on the Register in 1802. To this extent the above calculation understates the additions. It seems, however, to be a fair assumption that this would be set off by the number of ships broken up, or removed from the Register through other causes than capture or shipwreck. The close correspondence between the results of the calculation based on Bennett's figures, and the number of ships actually on the Register in 1802 is thus remarkable, and it seems unlikely that any possible source of error—such as inaccuracies in the official returns—

APPENDIX "A" would account for the big discrepancy that would arise from accepting Norman's figures.

EXPLANATION OF ESTIMATED RATIO OF LOSSES IN TEXT.

In order to arrive at a fair estimate of the proportion of losses that should be attributed to voyages not in the foreign trade of Great Britain, a careful analysis was made of losses recorded in the *Lloyd's Lists* for the months of March, June, September, and December, in each of the years 1795, 1797, 1798, and 1799.

In these Lists the voyage is usually, but not invariably stated. As the object of calculation was to obtain the distribution, not the total of losses during these months, no ship whose voyage was not stated was taken into account, unless there was sufficient evidence in the port of ownership, place of capture, etc., to enable the nature of the trade to be assigned with strong probability. Unnamed vessels were only counted when sufficient particulars were given (such as voyage and cargo) to make the loss a certainty, and to prevent any likelihood of duplication with named vessels whose loss was recorded during the month.

The chief difficulty was to avoid possible inclusion of American vessels, which are only occasionally so distinguished in the Lists, and which cannot, like other neutrals, be readily distinguished by the names of ship and Master. The entrances and clearances show that practically the whole of the ships trading between Great Britain and the United States during these years were foreign (*i.e.*, American), and it also appears that American ships carried the bulk of the direct traffic between the United States and the West Indies, to which they were admitted at this period. All losses in these trades have therefore been omitted, unless there was independent evidence that the ship was British (such as the prize being taken into an American port). In the other cross trades the voyage is usually decisive. Ships trading between Newfoundland and Portugal, or between British North America and the West Indies, for instance, were certainly British. Two or three ships trading between ports closed to British shipping were certainly American.

Absolute arithmetical accuracy could be attained only by looking up each individual ship in the contemporary Registers; an expenditure of time and labour warranted neither by the general purpose and character of this book, nor by the degree of accuracy required for what is frankly an estimate in its application to the total losses of the war; but the probable margin of error from this cause is very small.

It should be added that the voyage from Africa to the West Indies is classed under "Foreign Trade of Great Britain" and not under "Cross Voyages." The vessels were slavers on a triangular voyage, and had cleared from a British port.

The figures are analysed in two columns. The "Minimum" column includes only ships whose trade can be stated with practical certainty. The "Maximum" column includes also vessels whose trade can be

stated with strong probability, together with a few ships "reported captured," but not confirmed during the month.

APPENDIX "A"

The result of the analysis is as follows:

LOSSES OF BRITISH SHIPS RECORDED IN 'LLOYD'S LIST' FOR THE MONTHS OF MARCH, JUNE, SEPTEMBER, AND DECEMBER, 1795, 1797, 1798, AND 1799.

	Gross Losses.		Net Losses after deducting ships re-captured or released.	
	Min.	Max.	Min.	Max.
Foreign Trade proper of Great Britain	363	396	297	330
Trade of Great Britain with Ireland and Channel Islands ..	24	24	20	20
Total "Foreign Trade" as defined in returns of Entrances and Clearances.. ..	387	420	317	350
Trade of Ireland and Channel Islands with Foreign parts ..	52	52	43	43
Cross Voyages	83	102	69	89
Coasters	35	78	19	59
Transports, etc.	7	8	5	6
	177	240	136	197
Total Captures analysed.. ..	564	660	453	547

	Percentages of Total.			
	Gross Losses.		Net Losses.	
	Min.	Max.	Min.	Max.
Foreign Trade proper	64.4	60.0	65.6	60.3
Trade with Ireland, etc. ..	4.2	3.6	4.4	3.7
Total Foreign Trade	68.6	63.6	70.0	64.0
Cross Voyages, etc.	31.4	36.4	30.0	36.0
	100.0	100.0	100.0	100.0

For working purposes we may assume the percentages under the three main headings as 63:4:33 respectively—the mean of the two columns. It should be added that supplementary sampling taken from a few other months gives closely corresponding results.

APPENDIX "A" Applying this to Bennett's figures, we get the following:

	Gross.	Net.
Average Total Annual Losses	435	347
In Foreign Trade proper (63 per cent.) ..	274	219
In Trade with Ireland, etc. (4 per cent.) ..	17	14
In Cross Voyages, etc. (33 per cent.) ..	144	114
	<u>435</u>	<u>347</u>

There is no difficulty about the number of ships entered and cleared in the Foreign Trade of Great Britain, which is given in the official statistics.

NUMBER OF BRITISH SHIPS ENTERED AND CLEARED IN FOREIGN TRADE OF GREAT BRITAIN.

	All Voyages.		Trade with Ireland, Channel Is. and Man.	
	Entered.	Cleared.	Entered.	Cleared.
1793	9,980	11,175	3,871	7,112
1794	11,599	11,884	6,096	6,998
1795	9,982	10,061	6,477	7,031
1796	12,067	11,002	7,671	7,613
1797	9,414	9,403	6,412	6,710
1798	9,537	10,565	5,810	6,745
1799	10,557	11,085	6,448	7,607
1800	10,496	11,868	6,560	8,081
1801	10,347	10,282	6,142	6,195
Average of above	10,442	10,814	6,165	7,121
Total Sailings	21,256		13,286	
Round Voyages on mean of Entrances and Clearances	10,628		6,643	

This gives 7,970 sailings, or 3,985 round voyages in the foreign trade proper.

The ratio of loss will therefore work out as follows:

APPENDIX
"A"

	Average Annual Losses.		Percentage of Losses to Ships Entered and Cleared.	
	Gross.	Net.	Gross.	Net.
Average Entrances and Clearances in "Foreign trade," 21,256	291	233	1.37	1.09
Average round voyages in ditto, 10,628	291	233	2.74	2.19
Average Entrances and Clearances in Foreign trade proper, 7,970	274	219	3.44	2.75
Average round voyages in ditto, 3,985	274	219	6.88	5.50

The actual number of ships employed in foreign trade cannot be definitely ascertained. Tonnage is not a safe guide. The average tonnage of ships entered and cleared from 1793 to 1801, in the foreign trade proper, was 195; in the traffic with Ireland, 80; and in foreign trade as a whole, 123; but the average tonnage of colliers that arrived at London in 1798 was 228, and several other London coasters exceeded 100 tons.

We are thus forced to a calculation from voyages. Colquhoun's *Commerce and Police of the River Thames* states that in 1797, 1,101 British ships were entered at London on 1,425 voyages, 322 of which were from Ireland or the Channel Isles. Assuming that this represents 80 vessels in what he calls "foreign coasting," this leaves 1,021 ships making 1,103 voyages in the foreign trade proper. On the other hand, 1,300 foreign vessels made 1,843 voyages—mostly in the trade with Northern Europe, while the majority of the British ships were in long-distance trades. On these figures it seems reasonable to assume ten voyages to eight ships in the trade with Northern Europe, and one round voyage per annum for all other routes. It is true that East India-men commonly went out one year and came back another, and whalers were often away for two, three, or even four years; but this would be balanced by a certain number of repeated voyages to Southern Europe and the Atlantic Islands. This would give:

Average round voyages to Northern Europe	2,233=1,786 ships
" " " all other trades ..	1,752=1,752 "
	<u>3,985</u> <u>3,538</u>

Average loss of ships in foreign trade proper: say 3,550 ships.

Gross	274=7.72 per cent.
Net	219=6.17 "

APPENDIX "B."

THE TRUST DEED OF 1811.

From copy entered in Committee Minute Book.

TO ALL TO WHOM THESE PRESENTS SHALL COME, WE whose names are hereunto subscribed and whose Seals are hereunto affixed do severally send Greeting WHEREAS divers Merchants Bankers Traders Underwriters Insurance Brokers and others are Subscribers to an Establishment or Society held at Lloyd's in the City of London for the effecting of Marine Insurances AND WHEREAS at a General Meeting of the Subscribers to the said Establishment or Society held on the 30th of July last IT WAS amongst other things resolved that for the purpose of giving due efficacy to the Rules and Regulations that are now or may be hereafter adopted for the good management of the concerns of such Subscribers and for declaring the uses for which the Funds of the Subscribers are vested in the names of their Trustees and of securing those Trustees in such Engagements as they may be empowered or directed to contract for the benefit of the Subscribers, a Deed of Trust should be prepared and Executed by all the Subscribers AND WHEREAS at a subsequent General Meeting held on the 15th August last the said resolution was (amongst others) confirmed, and the following Gentlemen were afterwards elected by Ballott to be the New Committee for managing the General affairs of Lloyd's, Namely Horatio Clagett Esqre. Joseph Marryat Esqre. M.P. Robert Shedden Esqre. Joshua Reeve Esqre. Benjamin Shaw Esqre. Thomas Rowcroft Esqre. James Innes Esqre. Woodbine Parish Esqre. George Munro Esq. W. S. Hathaway Esq. John Hatt Noble Esq. and James Swanzy Esq. AND WHEREAS it was also resolved at such General Meeting that the Committee so chosen should Elect from amongst themselves a Chairman and three other Members to constitute a Committee of Treasury who should act as Trustees for the Subscribers at large and in whose names their funds should be vested. And the said Joseph Marryat hath been chosen Chairman of the said Committee and the said Horatio Clagett Robert Shedden and Joshua Reeve have been chosen to be jointly with the said Joseph Marryat the Committee of Treasury AND WHEREAS the Capital Stock of the Subscribers at present consists of the sum of £24,000 3 Per Cent. Consolidated Annuities and of the further sum of £ now in the hands of Messrs. Bolderos and Lushingtons of the City of London Bankers both which sums have been transferred into the names of the said Joseph Marryat Horatio Clagett Robert Shedden and Joshua Reeve as being the Committee of Treasury and who as such Committee are Trustees for the Subscribers for the time being to the said Establishment or Society AND WHEREAS it may be deemed expedient to alter and amend

some of the Resolutions which were passed at the said General Meeting of the 30th July and confirmed on the 15th August last and to make other Rules and Regulations respecting the Election of New Subscribers, the Powers and Duties of the Committee, the appointment of the Masters, the mode of calling General Meetings, and other matters connected with the good management of the affairs of the Subscribers NOW THEREFORE KNOW YE that we whose names and Seals are hereunto subscribed and affixed (other than and except the said Joseph Marryat Horatio Clagett Robert Shedden and Joshua Reeve) DO HEREBY severally and respectively covenant Promise and Agree to and with the said Joseph Marryat Horatio Clagett Robert Shedden and Joshua Reeve their Executors Administrators and Successors for the time being, that so long as we severally shall continue to be Subscribers, we will respectively, duly observe perform fulfil and keep all and singular the rules and regulations for the management of the affairs of the Subscribers to Lloyd's for the time being which have been heretofore passed and confirmed AND ALSO all such further Rules and Regulations as shall or may at any time hereafter be duly passed and confirmed by a majority of the Subscribers for the time being present at two General Meetings to be convened for that purpose; or by a Ballott if demanded AND IT IS HEREBY DECLARED AND AGREED by and between all the parties hereto that the said sum of £24,000 £3 Per Cent Consolidated Annuities so transferred to the said Trustees and the said sum of £ so now in the hands of the said Messrs. Bolderos and Lushingtons and all other Sum and Sums which shall at any time hereafter be received by or come to the hands of the said Joseph Marryat Horatio Clagett Robert Shedden and Joshua Reeve as such Trustees as aforesaid or to their successors for the time being, shall be held by them upon Trust in the first place to indemnify the said Trustees and each of them their and each of their Executors Administrators and Successors against the payment of the Rent Taxes Repairs and other outgoings of the Premises that now are or hereafter may be occupied by or for the use and accommodation of the Subscribers and also against such other Engagements or liabilities as they the said Trustees or their Successors may hereafter be directed or authorized to enter into or may bona fide incur for the use benefit or accommodation of such Subscribers and generally against all Loss Costs charges and expenses whatsoever which the said Trustees or any of them or their Executors Administrators or Successors shall reasonably expend or be put to in the execution or performance of their Trust or in relation thereto PROVIDED ALWAYS that if it shall at any time hereafter happen that the whole of the Funds or Monies vested or to be vested in the Trustees shall be voted away by a majority of two General Meetings or paid by the Trustees for the use or by the direction of the Subscribers for the time being or there shall be no sufficient funds remaining in the hands of the said Trustees then and in either of such cases the Subscribers DO HEREBY severally and respectively

APPENDIX
"B"

covenant promise and agree with the said Joseph Marryat Horatio Clagett Robert Shedden and Joshua Reeve to indemnify them their Executors Administrators and Successors for the time being against all loss costs and charges they or any of them may be put unto for or by reason of their or either of their having entered into any Contract Covenant or Agreement or incurred any liability for the use or by the authority of the said Society AND IT IS FURTHER AGREED AND DECLARED between all the said parties that the floating Cash belonging to the said Subscribers shall be kept in the Bank of England or at some Bankers of established Credit that an account thereof shall be opened at the said Bank or Bankers in the names of the said Trustees and that all Drafts upon the said Bank or Bankers shall be signed by two of them at the least AND IT IS LASTLY DECLARED AND AGREED that the said Trustees and their Successors shall be answerable for their own respective personal Acts and Defaults on¹ [?only] and not for any Act or Default of the other or others of them and that they shall at all times hereafter stand possessed of and interested in the said Capital Sum of £24,000 3 Per Ct. Consolidated Annuities and of the Interest and Dividends thereof or of all such further and other Sums as shall or may at any time hereafter come to the (*sic*) hands custody or Power as such Trustees as aforesaid only for the use and benefit of the Subscribers generally, and to be applicable and applied in conformity to the Rules and Regulations already passed or in such manner and form as the Subscribers for the time being or a majority of them at two General Meetings to be called for that purpose or by a Ballott shall from time to time duly authorize and direct and to and for no other individual use intent or purpose whatsoever IN WITNESS &c.

¹ Fire damaged.

30th August, 1811.

APPENDIX "C."

SUMMARY OF LLOYD'S ACTS, 1871-1925.

This summary of Lloyd's Acts is unauthoritative and unofficial. It is not intended to do more than to give an indication of the general drift of the Acts, and, for any purpose requiring accuracy of definition, the reader is referred to the text of the Acts.

(1) *Lloyd's Act*, 1871 (34 *Vict. c. 21*), was passed for the purpose of incorporating in one body (with perpetual succession and a common seal, and with power to purchase, dispose, &c., of property) the Members of the Society formerly held at Lloyd's Coffee House in the Royal Exchange for the effecting of marine insurance and for other purposes. As set out, the objects of the Society are to be:

- (a) The carrying on of the business of marine insurance by Members of the Society;
- (b) The protection of the interests of Members of the Society in respect of shipping, and cargoes, and freight;
- (c) The collection, publication, and diffusion of intelligence and information with respect to shipping.

The Act provides for the formation of a Committee of Lloyd's, retirement, rotation, re-eligibility, election, and the filling of casual vacancies. Voting powers of Members of the Society at General Meetings are also determined. It also sets out the fundamental Rules of the Society.

Power is given to exclude from membership (by the votes of four-fifths of such Members as are present, being at least 100, at a General Meeting specially convened for the purpose) a Member violating a fundamental rule, or guilty of any act discreditable to him as underwriter, such fact being first ascertained by the award of two arbitrators (one nominated by the Committee and the other by the Member complained of); in event of disagreement, by the Recorder, or other umpire. The Act also provides that a Member convicted of infamous crime or fraud, or becoming bankrupt or suspending payment, &c., shall cease to be a Member. Provision is also made for cessation of membership, or exclusion from the Room, in the case of arrears of subscription.

Power is also given for the Society to make By-Laws for any of the following purposes: (a) Conditions of admission of Members, Annual Subscribers, &c.; (b) fees and subscriptions; (c) mode, time, place, &c., of General Meetings, mode of voting, and conduct of proceedings; (d) qualification, nomination and election of members of the Committee; (e) appointment, remuneration, powers, &c., of Chairman; (f) Committee meetings and remuneration of members of the Committee; (g) Sub-Committees; (h) cesser of membership of members of the Committee otherwise than by rotation; (i) appointment, &c., of committees consisting of Members and non-members; (j) use of

APPENDIX
"C"

Rooms and seats therein; (*k*) supply of shipping intelligence; (*l*) appointment of Agents, appointment of trustees of capital stock, &c., of the Society, appointment of officers and servants; (*m*) conduct of insurance business; and any other By-Law necessary for the better execution of the Act and the furtherance of the Society's objects. But no By-Law may exclude from membership for any cause.

These By-Laws, which must be printed and authenticated by seal, are not to have effect until submitted to and allowed by the Recorder of the City of London.

The Committee are to manage and superintend the Society's affairs, except such as are required to be transacted at General Meetings, but in any case subject to the By-Laws. Liabilities of the Committee and Society are to be governed in like manner as applied to directors and a company by the Companies Clauses Consolidation Act, 1845.

A person imitating Lloyd's stamp is liable to a fine of £20.

The Act also permits application of corporate funds for the protection of the interests of Members in regard to shipping, cargoes, and freight. Power is also given to undertake the discovery, recovery, restoration, &c., of any wreck, and to carry on any further salving from the *Lutine*. Lloyd's also have power to incorporate any other Society instituted for like purposes. The liability of Members is unlimited; no Member is responsible for the debts, &c., of any other Member.

(2) *Lloyd's Act*, 1888 (51 *Vict. c. 2*), enlarged the objects of the Act of 1871, in that the collection, publication, and diffusion of intelligence and information was no longer limited "with respect to shipping."

(3) *Lloyd's Signal Stations Act*, 1888 (51 & 52 *Vict. c. 29*), was passed to confer powers on Lloyd's with respect to Signal Stations and telegraphic communication connected therewith. Power was given to establish Signal Stations, staff them, &c., enter into agreements with the Postmaster General as to telegraphic and telephonic communication, compulsorily acquire land (not more than 2 acres, excluding means of approach) under the Lands Clauses Acts, with provisions as to advertisements, service of notices, &c., but subject to a provisional order of the Board of Trade, with confirmation by Act of Parliament; the land to be purchased within one year after the passing of such Act. Various public authorities were exempted from the operation of the Act.

(4) *Lloyd's Act*, 1911 (1 & 2 *Geo. 5, c. 62*), was passed to extend the objects of, confer powers additional to those granted by, and amend the Act of 1871. By this Act the objects of the Society were extended to:

- (a) The carrying on by Members of the Society of the business of insurance of every description, including guarantee business;
- (b) The advancement and protection of the interests of Members of the Society, in connection with the business carried

on by them as Members of the Society, and in respect of shipping, and cargoes, and freight, and other insurable property, or insurable interests, or otherwise;

- (c) The collection, publication, and diffusion of intelligence and information;
- (d) The doing of all things incidental or conducive to the fulfilment of the objects of the Society.

The Society may act as Trustee of any trust deed furnished by any Member to meet his liabilities at Lloyd's. To enable Members to comply with the Assurance Companies Act, 1909, or the Society's regulations as to a Member furnishing security, the Society may guarantee payment of claims upon insurance policies and guarantees underwritten by Members, and apply its funds to meet its liabilities thereunder, provided that certain conditions are fulfilled.

The Society may, where in its opinion, or in the opinion of the Committee, it is to the interest of the Society to do so, apply its funds and property to make good any deficiency arising by default of any guarantor, under any guarantee furnished by any Member under the provisions of the Assurance Companies Act, 1909, or under the regulations of the Society, as security for his liabilities under policies underwritten by him, or arising through insufficiency of any security furnished by such Member. But the Society's funds may not be so applied, except where such Member has complied, to the satisfaction of the Committee, with the provisions of the Assurance Companies Act and with the regulations of the Society as to security, nor unless the guarantee or other security has been approved and accepted by the Committee. These powers may only be exercised in accordance with By-Laws sanctioning the exercise of such powers, which By-Laws the Society is by this Act empowered to make.

Further powers are given to apply the Society's funds for the protection of the interests of Members in regard to shipping, cargoes, freights, or otherwise, the relevant sections of the Act of 1871 being repealed. This Act also contains a provision giving power to the Committee temporarily to suspend a Member in case of any discreditable act in connection with insurance. Under this section, leave is given to appeal to a General Meeting. Requisitions as to time of meeting, numbers present, &c., must be strictly complied with.

The power to make By-Laws is increased, the provisions of the Act of 1888 relating to information being repealed and re-enacted.

(5) *Lloyd's Act*, 1925 (15 & 16 Geo. 5, c. 26), conferred additional powers of making By-Laws, and amended the Act of 1871, with respect to the sections dealing with the Committee—number and quorum, retirement, rotation, election, re-eligibility, and casual vacancies. Subject to the allowance by the Recorder of By-Laws (which by the Act of 1925 the Society are empowered to make), governing the above, the relevant sections of the Act of 1871 are to be repealed.

INDEX

N.B.—For “Captains’ Room,” “Committee,” “Members,” and similar entries, see sub-headings under “Lloyd’s,” alphabetically arranged. For “Marine Insurance,” see “Insurance Marine,” and similarly with all forms of insurance. All clauses in the policy, and all individual policies referred to in the text, are alphabetically arranged in separate sub-headings, under “Policy.” The names of all Coffee Houses, other than Lloyd’s Coffee House and New Lloyd’s Coffee House, are gathered together, alphabetically, under “Coffee Houses.” Abbreviations employed: d., daughter; s., son; w., wife; Ch., chairman; L.C.H., Lloyd’s Coffee House.

ADAMS, Henry, 329.
 Addison, Joseph, on L.C.H., 26.
 Admiralty, early insurances by, 10; relations with Lloyd’s, 203-7, 221, 223, 231-5, 280-2, 286, 386; mentioned, 26, 287, 361.
 Admiralty Court, 37.
 Adriatic Sea, convoys in, 232.
Adventure, case of the, 238.
 Albert, Prince, 341.
 Albion Mills, fire insurance at Lloyd’s, 219.
 Allfrey, Edward, 188.
 Alliance Brit. and For. Fire and Life Assce. Co., 308-9, 313, 315.
 Alliance Marine Insce. Co., 315, 316, 341, 392.
Althea, loss of the, 232-3.
America, U.S. privateer, 177.
 Americanships, seizures of, 181-2, 184, 192.
 Amicable Contributors. *See* “Hand-in-Hand.”
 Anderson, Alex., 266, 268.
 Angerstein, John Julius, Ch. of Lloyd’s, character and career of, 114-15, 197-201; finds premises for Lloyd’s, 114-16; prominence of, 171-2; and war funds, 208n, 209-10; Nelson’s letters to, 211; and appointment of Secretary, 221; and lifeboats, 225-6; and Patriotic Fund, 229; “Mr. Angerstein’s Clause,” 237; op-

poses repeal, 242, 243; retires from business 273-4; on state of underwriting (1810), 195, 218, 241, 249, 251, 252, 254, 255; mentioned, 122, 158, 160, 174, 203, 256, 276, 293, 304, 382, 426, 447, 449.
 Angerstein, Karl, 115n.
 Assurance. *See* “Insurance.”
 Assurance Companies Act, 433-4.
 Assurances, Court of, 37-9, 162.
 Assurances, Office of, 35-7, 38-9, 40, 143, 162.
 Austrian Lloyd, 351.
 Avebury, Lord, 366.
 Averages, Committee on Fraudulent, 237; proposed Board for settlement of, 270. *See* also, “Claims,” “General Average.”
 Average Adjusters Association, 371-2.

BACKHOUSE, Thomas, 181-2.
 Baker, Martha, 72n., 82-3, 89.
 Baker, Richard, Master L. C. H., 72, 79, 82, 88, 301.
 Baker, Richard, s. of above, Master L.C.H., 82, 90, 100-8, 109, 122-4, 301.
 Baltic Sea, contraband trade through, 177, 180-1, 189, 191; ships seized in, 192-3, 262-3; intelligence from, 224, 261-5; convoys from, 231; Committee on

- losses in, 262-3, 267; escape of ships from, 413-14.
 Bank of England, 278, 409.
 Barbon, Dr. Nicholas, 41.
 Baring, Alexander, 244, 259, 308.
 Baring Bros., 197.
 Baring, Sir Francis, 196, 229.
 Baring, Thomas, Ch. of Lloyd's, 351-2, 362, 363, 375, 379.
 Barnes, James, 250, 309, 311.
 Beck, Sir Justus, 45.
 Beck, Sir Raymond, 425, 434.
 Bell, William, Ch. of Lloyd's, 205n., 235n., 239, 266n., 267, 275, 276, 304.
 Bennett, John, Master of Lloyd's, 170, 213, 221, 223, 232, 235-6, 295-6, 299, 302.
 Bennett, John, jun., Secretary of Lloyd's, appointed, 222; develops shipping intelligence, 222-4, 261-2, 264; and Patriotic Fund, 228; tribute from Committee, 267-8; junior Master, 270, 272, 273; confirmed as Secretary, 272; compensated for loss of Mastership, 296-9; death and services of, 326-7; his statistics of war losses, 156, 183-4; mentioned, 218, 232, 233, 345.
 Bennett, John, s. of last-named, 298, 327.
 Berlin Decrees, 177, 180-1, 189, 247.
 Bewicke, Calverley, 209.
 Birks, Joseph, 120.
 Billingsley, Case, 44, 58.
 Bischoff, James, 333, 339.
 Black, James, 112, 116n.
 Bleadon & Co., 335.
 Bodicott, John, 29.
Bogle v. Lawson, 344-5.
 Boldero & Co., 113, 278.
 Bolton, John, Master in Captains' Room, 298, 299, 301, 334.
 Bonar, Thomson, 210, 229.
 Bond, Joseph, 266n.
 Boulton, Sidney, Ch. of Lloyd's, 425-6.
 Bourdieu, James, 112, 116n.
 Bourdieu, J. B., 205n., 266n., 276.
 Bowes, Thomas, 16-17, 68n.
 Brereton, William, 40.
 Bristol, trade of, 3-4; marine insurance at, 45-6, 48, 144, 149-50, 164, 241.
 British Capture, insurance against, 179-80, 247.
 Broad, Wm., & Sons, 279.
 Broderick, Sir Allen, 39.
 Brokers, sworn, 35-6, 162.
 Brokers, insurance, rise of, 39-40, 51-2; Weskett's attack on, 160-2; remuneration of, 161, 161n.1, 255-6; war anxieties of, 193, 400-2, 408-9; functions of, 420, 441.
 Brougham, Lord, 244.
 Bubble Act, 59-62, 64-6, 78, 90, 93, 250, 254, 423.
 Buller, Mr. Justice, 130.
 Buxton, Thomas Fowell, 309-11.
 CAMDEN, Earl, 222.
 Candeler, Richard, 35-7, 38.
Cantillon v. London Assurance, 146-7.
Cape Hatteras, case, 130.
 Capper, John, 350n.
 Carruthers, C. B., 365.
 Carruthers, David, 281, 306, 322-4, 329.
 Cave, Rt. Hon. Stephen, 379.
 Champion, Alex., 205n., 304.
 Champion, Samuel, 224, 261-5.
 Chapman, Thomas, 329, 333.
 Chapman, Sir William, 49.
 Chetwynd, Lord, 49, 58-9. *See* also, "London Assurance."
 Christie, Robert, 266n.
 Claggett, Horatio, 273.
 Claims, custom as to payment of, 65, 161, 374, 376-7; Examiner of, 372-3.

- INDEX Clifton, William, 416.
 Coal Exchange, underwriting at, 241.
 Cobbett, Richard, 229.
 Cochrane, Lord, 287.
 Codling, Captain, 238.
 Coffee Houses, commercial importance of, 3-8; rapid rise of, 8-9; as news and business centres, 9-11, 15, 19-20. *Barbadoes*, 15; *Bridge's*, 9, 15, 20, 98; *Bright's*, 18; *Chapter*, 208; *Child's*, 9; *Elford's*, 15, 20; *Farr's*, 8; *Garraway's*, 9, 10, 15, 18, 20, 33, 56, 59, 59n.; *Good's*, 20; *Grecian*, 9; *Hains's*, 15, 20; *Jamaica*, 15, 20, 241, 286, 301; *Jerusalem*, 241, 335; *John's*, 20, 33, 69; *Jonathan's*, 9, 15, 18, 59n., 93-5, 97; *Mann's*, 9; *Marine*, 15, 20, 48, 56; *Rosee's*, 8; *Sam's*, next the Custom House, 71; *Tom's*, Pope's Head Alley, 15; *Tom's*, Great Russell Street, 97, 98; *Tom's*, Wood Street, 70; *Waghorne's*, 17, 98; *White's* (Chocolate House), 90; *Will's*, Cornhill, 112; *Will's*, Covent Garden, 9.
 Coffee-Men, their projected newspapers, 68-70.
 Colomb, Admiral P. H., 375.
 Colquhoun, Patrick, 208.
Constitution, U.S.S., 182.
 Convoy, disaster to Smyrna (1693), 42-3; 52; complaints of breaking, 78, 204-5; capture of E. and W. India (1780), 155, 193; disaster to Levant (1795), 192; returns for, 189, 204, 234; compulsory, 203-4; Lloyd's and, 204-7, 231-4, 279-80; coastal, 233-4; against pirates, 281-2; in Great War, 411.
 Convoy Acts, 204, 204n.1, 205, 207, 233.
 Convoy Lists, 153, 203, 223.
 Cooper, Sir Edwin, 446.
 Coutts's Bank, 15-16.
 Crawford, R. W., 379.
 Croker, Rt. Hon. J. W., 280-1.
 Curling, George, Ch. of Lloyd's, 205n., 235-6, 235n.2, 239, 304.
 Cure, Capel, 266n., 276.
 DA Costa, S. I., 366-8, 372.
 Damaged goods, separation of, 284.
 Danson, J. T., on premiums of 1805-16, 188-92; attacks Lloyd's, 389-91.
 Day, John, Mayor of Bristol, 45.
 Defoe, Daniel, 43.
 Demosthenes, and scuttling, 416-17.
 Denham, Martha. *See* "Lloyd."
 Dewar, Capt. K. G., R.N., on war losses, 185-6.
 Dewar, Robert, 281, 322, 323.
Diana, frigate, 195.
 Dickens, Charles, 317-18, 329-30, 350.
 Dickens, John, 317-18.
 Dobson, William, Secretary of Lloyd's, 299, 327, 351-2.
 Drake, Thomas, 32.
 Duckworth, Commodore, 206.
 Dutch ships, seizure of, 192.
 EAST India Board, 232.
 East India Company, 189, 223, 232.
 East India House, 335, 446-8.
 Elbe, blockade of, 233.
 Eldon, Lord, 314, 315.
 Elford, John, Coffee-Man, 30, 32.
Emden, German cruiser, 177, 407.
 Enemy property, insurance of, in 18th century, 79-81, 157; restricted in Revolutionary Wars, 178-80, 247; prevention of, in Great War, 407, 412-13.
Essex, U.S.S., 177.
 Ewer, John, 112, 116.
 Exhibition, Great, of 1851, 350.

- FALKENER, Edward, 29.
 Falkener, Abigail. *See* "Lloyd."
Fame, ship, 212.
 Farr, James, Coffee-Man, 8.
 Farrant, William, 420.
 Fenning, George, 375.
 Fielder, William, Coffee-Man, 69-70.
 Fielding, Thomas, Master of New Lloyd's Coffee House, 90, 97-104, 108; relations with his patrons, 109-10, 111; Master of Lloyd's, 117; death, 125; mentioned, 167, 169, 170, 294, 301.
 Finch, John, 17, 29.
 Fire Office (1680). *See* "Phoenix."
Flotas, insurance of, 80, 80n.2, 92.
 Foreign Office, 233, 282, 348-9.
 Foe, Daniel. *See* "Defoe."
 Fortune, Francis, 321-2.
Forwood v. Goschen, 378.
 Fox, Charles James, 179.
 Framework Knitters Company, 14, 32.
 Franks, Mary. *See* "Lloyd."
 Fraser, Honble. Simon, & Co., 278.
 Frauds, insurance, an early example, 10; Lloyd's and, 237-8, 272; frequency of, 252-3; on Greek ships, &c., 415-17.
 Freeling, Sir Francis, 99, 236.
 Freeman's Court, houses in, 113-14, 116, 121.
 Freshfield & Newman, 366.
 Friendly Insurance Society, 255n.
 Friendly Society for Insurance against Fire, 41.

 GENERAL Average, Lloyd's and, 370-2.
General Shipping and Commercial List, 235-7, 331.
 General Shipowners' Society. *See* "Shipowners."
 George I., and Bubble Act, 59-60.
 George III., jubilee of, 220.
 George V., and Lloyd's, 446-50.
 Getting, Moses, 245, 251-4.
 Gibson, Joseph, 372.
 Gladstone, Sir John, 241.
 Gladstone, Rt. Hon. W. E., 241, 342.
 Glasgow, underwriting at, 240.
 Glasgow Underwriters' Association, 310, 348.
 Glennie, Alex., 249, 251-2, 255.
 Globe Insurance Co., 241, 242, 258.
 Glover, Mr. John, 367, 371.
 Gomm, Mr., 113.
 Goodwin, Curling & Co., 238.
 Goschen, Rt. Hon. G. J., Ch. of Lloyd's, 376, 378, 379, 380.
 Greated, Timothy, 245.
 Greathead, Henry, 225.
 "Green Book." *See* "Register Books."
 Grenfell, Pascoe, 244.
 Gresham, John, 35.
 Gresham Committee, 114-16, 172.
 Grey, Smith, Master in Subscribers' Rooms, 298, 299-301.
 Grill, Claes, 248.
 Gurney, Samuel, 309.
 Guthrie, Mr., 336.

 HAIG, Field Marshal, Earl, 418.
 Hall, Capt. Robert, 212.
 Halliday, Thomas, 250.
 Halsted, Capt. G. A., R.N., Secretary of Lloyd's, 351-2, 354, 375.
 Hamburg, marine insurance at, 246-7, 320; bad reputé at Lloyd's, 248.
 Hand-in-Hand Fire Office, 41, 431.
 Hardy & Harper, 335.
 Hargreaves, Walter, 438.
 Harley, Alderman, 173-4.
 Harper, R. H., 352.

- INDEX Hathaway, W. M. S., 266, 268, 273.
 Hayley, Alderman George, Ch. of Lloyd's, 125, 147, 149.
 Head, Christopher, 432.
 Head, Henry, 433.
 Heath, Cuthbert, 425, 428, 430-3, 434.
 Heathcote, Sir Gilbert, 45.
 Helbut, Philip, 49, 58.
 Heybourne, C., 37.
 Heywood, Capt. Peter, R.N., 287.
 Hobson, Allfrey & Wheeler, 180.
 Hobson, George, 188, 191.
 Holman, Elinor. *See* "Lloyd."
 Hoole, Stanley, 380.
 Hopton, George, 138.
 Horsburgh, Capt. James, 287.
 Howick, Lord, 230.
 Hozier, Sir Henry, Secretary of Lloyd's, 132, 184, 375, 385.
 Hull, underwriting at, 241.
 Hume, Joseph, 312.
 Huskisson, Rt. Hon. William, 244, 308, 309, 312-14.
- ILLICIT trade, Committee on losses by, 174.
 Indemnity Mutual Insurance Co., 315, 316, 341, 357, 392.
 India, marine insurance in, 246-7.
 Industrious Poor, Committee for Relief of, 208, 208n.3.
 Inglefield, Ad. Sir Edward, Secretary of Lloyd's, 375, 385.
 Inglis, James, 266n.
 Insurance, Air Risk, 412, 444.
 Insurance, Burglary, 432, 443.
 Insurance, Fire, early, 41-2; at Lloyd's, 219, 431-5, 442.
 Insurance, Life, 36n.1; Lloyd's not adapted to, 444.
 Insurance, Marine, in 16th and 17th centuries, 9-11, 35-39; proposed corporation for (1660), 40-1; in 18th century, 39-40, 45-6, 50-6; Bubble Act and, 60-2, 64-6; Lloyd's Coffee House as centre of, 66, 71, 77-8; state of, in 1781, 158-62; attempt to codify law of, 162-5; French Wars stimulate, 194-6, 218; dominated by Lloyd's, 240-1; proposed new company for (1810), 242-3, 258-60; Select Committee on, 244-58; restrictions on, repealed, 307-14; decline in volume of, 319-20; diverted from U.S.A., 349; increase of, 350; many failures in, 364; effect of steam navigation and telegraphs on, 369-70. *See also* "Averages," "Average Adjusters," "British Capture," "Brokers," "Claims," "Enemy property," "Frauds," "General Average," "Lloyd's," "Policy," "Premiums," "Reinsurance," "Stamp Duties," "Underwriters," "War Risks."
- Insurance, Miscellaneous Risks, projects for, 44; at Lloyd's, 432-5, 441-4.
 Insurances, Gaming, restriction of, 80, 91-2; on lives and events, 93-6; condemned at Lloyd's, 118, 374-5; prevalent, 162, 219; law as to, 436-7.
Insurgente, Fr. frigate, 182.
 "Interest or no Interest." *See* "Insurances, Gaming."
 International Code. *See* "Signals."
- JAMES, Mr., 113.
 Jannsen, Alderman, 81.
 Janson, Alfred, 333.
 Janson, John, 181, 188-90.
 Janson, William, 307.
 Jemson, Elizabeth, 68, 71-2.
 Jemson, Thomas, Master of L.C.H., journalistic enterprise, 68-70; founds *Lloyd's List*, 70-71; death, 71-2; mentioned, 88.
 Johnson, Sir Henry, 434.

KENTISH, Joshua, 327.
Killebrew, Sir William, 40.

LAMB, Charles, 223, 337.

Lasley, John, 113.

Lawrence, Mary, 89, 124.

Lawrence, Thomas, Master of
L.C.H., 89-90, 100-8, 109, 122-5,
301.

Lechmere, Sir William, 48, 49,
57-8.

Lee, Richard, 229.

Le Roch, John, 16n.

Lifeboats, 225-6.

Liverpool, trade of, 3; under-
writers reinsure in London, 164.

Liverpool, Lord, 201, 311, 314.

Liverpool and London War Risks
Association, 404.

Liverpool Underwriters' Associ-
ation, 240-1, 285, 310, 340, 348,
362, 371, 378.

Lloyd, use of name for shipping
and air lines, 1.

Lloyd, Abigail, w. of Edward, 12,
29.

Lloyd, Abigail, d. of Edward,
29, 31.

Lloyd, Edward, not the "Founder
of Lloyd's," 1-2; early history and
Coffee House in Tower Street,
12-15; particular as to spelling
of his name, 13, 27; moves to
Lombard Street, 15-19; pub-
lishes *Lloyd's News*, 21-5; snubs
a scaremonger, 25-6; vouches for
customers, 26; private life and
parochial activities, 27-32;
death, 33; mentioned, 34, 67,
88, 108, 301, 330. *See also*,
"Lloyd's Coffee House."

Lloyd, Edward, s. of above, 12.

Lloyd, Elinor, d. of Edward, 12, 31.

Lloyd, Elizabeth, w. of Edward,
29, 31.

Lloyd, Handy, d. of Edward, 29,
31, 32, 67-8.

Lloyd, Hugh, s. of Edward, 15, INDEX
31.

Lloyd, John, 14n.2.

Lloyd, Martha, w. of Edward, 31,
32.

Lloyd, Mary, d. of Edward, 15,
29, 31, 32.

LLOYD'S, origins of, 1-3, 11, 88,
108. *See also*, "Lloyd's Coffee
House," "New Lloyd's Coffee
House."

1771-1793: founding of, 109-19;
policy settled at, 125, 126-7, 131,
135, 147-9; and American War,
153-8; Weskett's account of,
158-62; slow development of,
165-75.

1793-1815: effect of French
Wars on, 176, 192-3, 194-6; and
war problems, 180-2; prominent
men at, 196-202; relations with
Admiralty, 203-7, 231-5; war
funds at, 207-12, 225, 226-31;
development of, 213-16, 217-18,
220-5; repute and influence of,
219-20, 225, 231, 237-9; fire in-
surance at, 219; and lifeboats,
225-6; controversy with Post
Office, 235-7.

1810-11: predominance of,
240-1; opposes new company,
242-4, 258-60; state of under-
writing at, 245-56; dissensions
at, and reorganisation of, 261-74.

1811-44: development and ac-
tivities of, 275-9, 282-8; and
American War, 279-80; quarrel
with Admiralty, 280-2; and pol-
icy duty, 288-93, 328; and use of
slips, 290-2; further reorganisa-
tion of, 294-302; and Register
Books, 303-7, 328-30; and re-
peal, 308-14; and Companies,
315-17, 340-1; depression and
friction at, 319-26; revival of,
333; premises burned, 334-6; at
South Sea House, 337-8; pro-

INDEX

gress of, 338-40; return to Royal Exchange, 341-3; reforms in membership, 345-7.

1845-70: progress of, 348-56; further reforms at, 356-61; underwriters predominant in, 359-61; and shipping, 361-2; failures at, 363-5; guarantees and deposits at, 365-7; and insurance questions, 368-77.

1870-1927: incorporation of, 378-82; progress of, 382-7; and *Lutine* salvage, 387-9; attack on, 389-91; and Salvage Association, 392-3, 395-8; in Great War, 400-19; composition and character of, 420-2, 427; methods of business at, 422-4, 430-1, 437-40; security afforded by, 423-8, 435-6; large scale underwriting at, 428-30; non-marine business at, 431-5, 441-4; the future of, 445-50.

AGENCY COMMITTEE, 353, 380, 383.

ANNUAL SUBSCRIBERS, differentiated from Members, 345-6, 421; 359, 360, 361.

ASSOCIATES, 421.

AUDIT, the, 424-6, 433.

BY-LAWS, of 1811, 271-3; against underwriting in partnership, 317; inadequacy of, 373-4, 376-7, 379; under Lloyd's Act, 379-81, 435, 459-61.

CAPTAIN'S ROOM, use of term, 278; contractors for, 301; hours of closing, 334n.; temporary premises, 337; removed, 359.

CHAIRMAN, first formal provision for, 272. *See also*, "Angerstein, J. J.," "Baring, Thos.," "Bell, Wm.," "Boulton, Sidney," "Curling, Geo.," "Goschen, Rt. Hon. G. J.," "Hayley, Ald. Geo.," "Mackinnon, P. G.," "Marryatt, Joseph," "Mierop,

M. K. van," "Robinson, G. R.," "Shaw, Benj.," "Thompson, Ald. Wm.," "Watson, Sir Brook."

COFFEE ROOMS (public), area, 119, 217n.; hours of closing, 173; news posted in, 224-5. *See also*, "Captain's Room."

COMMITTEE, original 112; informality and restricted functions of, 166-7, 170, 174-5, 268-9, 363; war stimulates development of, 212; to submit Annual Report, 213-14; attack on, and resignation of, 261-7; first By-Laws concerning, 271-2; new status of, 275-6; remuneration of, 270-1, 276-7, 322-4, 356; exact guarantees at discretion, 365; limited powers of, 373-4, 376-7, 378; under Lloyd's Act, 380-1; powers and functions of, 421, 422-3, 435-6, 440.

COMMITTEE OF CORRESPONDENCE, 272.

COMMITTEE OF TREASURY, 228, 272, 273.

COMMITTEES, SPECIAL, AND SUB-COMMITTEES, on policy (1779 and 1811), 149, 151; on illicit trade (1786), 174; on averages (1802), 237; to oppose repeal (1810), 243, 249, 258; on intelligence (1811), 263-6, 267; on organisation (1811), 266-70; on property in French ports (1814), 276; on management (1823), 296-9; on Mastership (1828-9), 300; to oppose repeal (1824), 310, 312-14; on By-Laws (1833), 324-5, 329; on Register Books (1833), 329; on *Lloyd's List* (1837), 331; on premises (1838), 335-6; on Agencies (1845 and 1851), 353; on York-Antwerp Rules (1878), 371; on *Venezuelan* (1870), 378; on By-Laws (1870), 379.

GENERAL MEETINGS, right to requisition, 118; infrequency of, (1774-93), 166-7; regular, 213-14; powers of, 268-9, 272.

MANAGING MEMBER FOR CORRESPONDENCE, 277, 354.

MASTERS, position of, 117-19; powers and duties of, 167-70, 203, 206, 213, 264, 269; increase of subscription to, 172-3; complaints of, 270; anomalous position of, 294-5; profits of, 296; made subordinate to Secretary, 297-8; partnership dissolved, 299-300; abolished, 300-2. *See also*, "Bennett, John," "Bennett, John, jun.," "Bolton, John," "Fielding, Thos.," "Grey, Smith," "Spencer Jos.," "Tayler, Thos.," "Trebilcock, Ed.," "White, Thos."

MEMBER IN ATTENDANCE, 354.

MEMBERS, distinguished from Annual Subscribers, 345-7; rights and obligations of, 420-4, 427-8, 435-6; subscription of, 346, 359-60, 423; numbers of, 356, 361, 361n.1, 427.

MERCHANTS' ROOM, instituted, 343; abolished, 359.

NON-UNDERWRITING MEMBERS, 359-60, 361, 421.

SECRETARY, first appointment of, 221-2; By-Law concerning, 272; powers increased, 297. *See also* "Bennett, John, jun.," "Dobson, Wm.," "Halsted, Capt. G. A.," "Hozier, Sir Henry," "Inglefield, Sir Edward," "Stephenson, B. C."

SHIPPING INTELLIGENCE, in early days, 74-5, 121-2, 203; 203n., 216, 220-1, 222-3; developed by Bennett, jun., 223-4, shared with public, 224-5; inquiry into, 263-6, 269; to Companies, 316, 340-1; later devel-

opments of, 339-40, 350-3, 384-7. *See also*, "Convoy Lists," "Lloyd's List."

STATISTICAL COMMITTEE, 352.

SUBSCRIBERS, printed list of (1800), 3, 118; original, 109-11; privileges and liabilities of, 118, 120-2, 170, 172-3; qualification and election of, 214-15, 271; number of, 216, 218, 320, 338.

SUBSCRIBERS' ROOMS, area of, 119, 174, 217n.; privacy of, 120, 170-1; additions to, 171-2, 217, 277-8; hours of closing, 173, 334n.1; overcrowding of, 214, 218, tickets for admission to, 215-16; ventilation in, 278, Christmas closing of, 321; in South Sea House, 338, in third Royal Exchange, 341-3. *See also*, "Underwriting Room."

SUBSTITUTES, regulations as to, 214-16, 271; numbers of, 216, 361n.; definition of, 422.

SUPERINTENDENT OF THE ROOMS, 354.

TRUST DEED, 273, 275-6, 336-7, 377, 382, and Appendix "B."

UNDERWRITING MEMBERS, first separately distinguished, 357-8, 359-60; Agents and Names, 421-4. *See also*, "Members."

UNDERWRITING ROOM, Saturday early closing of, 355-6; overcrowding, ventilation, and noise of chimes, 358.

Lloyd's Acts, 379-82, 434-5 and Appendix "C."

Lloyd's Agents, institution of, 238, 270, 279; instructions to, 282-4; growth of, 283-5, 353, 383-4; and signals, 286; Special Agencies, 353-4; and Salvage Association, 398.

Lloyd's Average Department, 439.

Lloyd's Benevolent Fund, 322.

- INDEX Lloyd's Brokers' Association, 440.
Lloyd's Calendar, 396.
Lloyd's Captains' Register, 352-3.
 Lloyd's Coffee House, Tower Street, 11-13, 15.
 Lloyd's Coffee House, Lombard Street, opening of, 15, 18-19; site and character of, 15-18; as a news and business centre, 19, 21-7; not identified with underwriting, 27, 34, 55-6; foundling child at, 30; becomes headquarters of underwriting, 62, 64-6, 71, 78; frequented by ship-brokers, 70-1; the "Red Room" at, 71; "*Lloyd's List*" published from, 70-5; shipping intelligence at, 75, 77-9, 83-4; Register Society at, 84-5, 87; high status of, 88; gaming insurances at, 90-1, 93-6, 118; secession from, 96-104; rivalry with New Lloyd's, and decline of, 104-8, 109, 122-4 charitable subscriptions at, 207-8; Masters of, *See* "Baker, Richd.," "Baker, Richd., jun.," "Jemson, Thos.," "Lawrence, Thos.," "Lloyd, Ed.," "Newton, Wm.," "Sheppard, Saml.," "Saunders, Saml."
Lloyd's Evening Post, 84, 123, 124.
 Lloyd's Fire and Non-Marine Underwriters' Assn., 440.
 Lloyd's Form of Salvage Agreement, 395-8.
Lloyd's List, founded, 70, 71, 72-3; contents of, 73-7; war news in, 78-80; rivalry with *New Lloyd's List*, 105-8, 124-5; censored, 235-6; becomes a daily paper, 330-2; later history of, 330-3; Index to, 339, 352, 354; attacked by Danson, 390; mentioned, 83, 84, 87, 88, 91, 168, 183-4; 186, 294, 296, 303, 336.
 Lloyd's Medals, 333, 333n.3, 425.
Lloyd's News, 22-5.
 Lloyd's Patriotic Fund, 225, 227-31, 418.
 Lloyd's Policy. *See* "Policy of Marine Insurance."
 Lloyd's Policy Signing Office, 437-9.
 Lloyd's Register of Shipping, 328-30, 357, 362, 390, 392. *See* also, "Register Books."
 Lloyd's Registry of Shipping (1760), 84-5, 88. *See* also, "Register Books."
 Lloyd's Signal Stations, 384-7.
 Lloyd's Underwriters' Assn., 440.
 Lloyd's, Society of (1681), 13-14.
 Lombard Street, customs of, 36, 37, 136-7, 138-9.
 London, in 17th century, 3-7.
 London Assurance Corporation, origins of, 48-63; and underwriting, 66-7, 240, 245-6, 254; and enemy property, 80; and policy, 133, 134, 145-7, 150; and Lloyd's, 174, 241, 316, 335, 340; privileges attacked and repealed, 241-2, 259, 307-14; and Salvage Association, 392.
 London Group of War Risk Assns., 404.
 London Tavern, Lloyd's at, 335, 337.
 London Union Insurance Society, 255n.
 Lowrey, Sir Joseph, 394-5, 397, 399.
 Lubbock, Alfred, 366.
 Lubbock, Sir John. *See* "Avebury."
 Luscombe, Sir John, 425, 434.
 Lushington, Dr., 259, 312.
Lutine, H.M.S., 387-9.
 MABEY, H., 301.
 Macaulay, Zachary, 197.
 Mackinnon, Percy G., Ch. of Lloyd's, 446.
 MacQuin, Mr., 275.

Mahan, Admiral, 183.
 Mahon, Lord, 244.
 Manning, William, 243-4, 246, 256, 259, 311.
 Mansfield, Lord, 81, 142, 164.
 Marine Insurance Co., 392, 430.
 Marryat, Capt. Fredk., R.N., 243, 286.
 Marryat, Joseph, Ch. of Lloyd's, on qualifications of underwriters, 196; defends Lloyd's, 243, 244, 248, 250, 253, 256-7, 258-9; his part in reorganisation of 1811, 266, 268, 273; as Chairman, 275-7, 279, 280-1; 284, 285; on use of slips, 290-1; death and services, 293; mentioned, 151, 306, 308, 310, 320, 382.
 Marryat, Joseph, jun., 293.
 Marshall, John, 305-7.
 Marten, F. W., and large-scale underwriting, 428-30.
 Mashbourne, Elizabeth. *See* "Lloyd."
 Mavor, John, 229.
 Mercantile Marine Act (1850), 360.
 Mercers' Company, 114, 116, 171-2.
 Mercers' Hall Marine Company, 44-9.
 Merchants Insurers Bill, 43, 52.
 Merchant Shipping Act (1854), 362.
 Merryweather, William, 82.
 Micawber, Mr., 317-18.
 Mierop, Martin Kuyck van, Ch. of Lloyd's, 111-12, 116n., 122, 125.
 Milan Decrees, 177, 180-1, 189, 247.
 Milbank, Capt. John J., 394.
Mills Frigate, 85, 125, 148-9.
 Mines Royal Mineral and Battery Works, 47-9, 54, 57, 62.
 Missing Ships Agreement, 412.
 Missing Vessels Book, 352.

Molling, Fredk., 247.
 Montefiore, Sir Moses, 309.
 Mortimer, Thomas, 93-5, 97.
 Moustaches, 354-5.
 Moxon, M. H., 332.
 Murray. *See* "Mansfield."
 Muskett, Alfred, 354-5.
 NAPOLEON Bonaparte, his object in Berlin Decrees, 179, 189; policy on, 219.
 Natusch, Fredk., 315.
 Navigation Acts, 180, 349, 360-1.
 Nelson, Admiral Lord, 200, 211.
 Newcastle, underwriting at, 241.
 New Lloyd's Coffee House, Pope's Head Alley, rivalry with Old Lloyd's, 88, 97-108; character of, 109; Lloyd's founded at, 109-19; building burned, 120; charitable subscriptions at, 208.
 New Lloyd's Coffee House, Royal Exchange. *See* "Lloyd's."
New Lloyd's Evening Post, 123n.2.
New Lloyd's List, 99-107, 121, 124-5, 330.
 Newton, Handy. *See* "Lloyd."
 Newton, William, Master L.C.H., 32-3, 67, 70.
 Norman, C. B., his figures of war losses, 182-3.
 Notaries, Faculty of, 35-6.
 North, Roger, on insurers, 253.
 Northey, Sir Edward, 45-6, 50, 58.
 North of England Protecting and Indemnity Assn., 404.
 ODDY, William, 209.
 Onslow, Lord, 45-49, 57, 58-9, 62. *See* also, "Mines Royal," "Royal Exchange Assurance."
 Overall's fire insurance, 63.
 Owen, Sir Douglas, on policy, 130, 132.

INDEX

INDEX PAICE, Joseph, 52.

Palmer, Sir Roundell, 378.

Patriotic Fund at Lloyd's. *See* "Lloyd's Patriotic Fund."

Peel, Sir Robert, 308, 342.

Pelham, Henry, 60.

Pepys, Samuel, 10, 19, 40.

Phoenix Fire Office, 41.

Piracy, 281-2, 349.

Pitt, Rt. Hon. William, 115, 192, 200-1.

POLICY of marine insurance, early forms of, 135-41; early printed forms of, 141-2; Memorandum added to, 143-7; attempted innovations in, 147-8; revised by Lloyd's, 125, 126-7, 131, 135, 147-9; Act for insertion of name of assured in, 173-4.

LLOYD'S FORM of, 126-9; inconsistencies and omissions, 126, 129-30; reasons for adhering to, 130, 151-2; the S.G. in, 132-5, 150; made compulsory, 133, 150; settled (1779), 147-9; subsequent additions to, 151-2, 369-70, 414-15; Lloyd's stamp on, 381-2.

CORPORATION FORMS of, 133, 134, 145-7, 150.

PROVISIONS of: *Abatements* in early policies, 40, 53, 144, 161n.1; *Arbitration Clauses*, 37, 150; *Cargo Clauses*, *All Risks*, 152; *Cargo Clauses (F.P.A.)*, 152; *F.C. and S. Clause*, 130, 151, 414; *Frustration Clause*, 130, 151, 414-15; "*Lost or not Lost*," peculiar to English policies, 140; *Memorandum*, 84, 143-7, 150; *Perils Clause*, 136, 138-41; *Protection and Indemnity*, 369; *Running Down Clause*, 368-9; *Sue and Labour Clause*, 136, 140; *Time Clauses*, 152; *Value Clause*, 141, 142, 150; *Waiver Clause*, 151, 369-70. *See also*, "Slaves," "War Risks."

POLICIES CITED: Bristol Policy (1789), 149-50; *Duke of Bedford* (1746), 144, 150, 161n.1; Dutch policy (1638), 141-2; *Eli* (1559), 35; Florentine (1523), 135-6; French (1566), 139-40; French, (1658), 141; *Golden Fleece* (1681), 142, 431n.; *Guipuzcoa* (on slaves, 1794), 218-19; *Jaymes of Ipswyche* (1563), 139; *Johanna* (1808), 180; *Mary Rose* (1559), 138; *St. Anns* ("G" policy, 1783), 133-4; *St. John Baptist* (1563), 138; *Sancta Crux* (1555), 37; *Sancta Maria* (1548), 138; *Santa Maria* (1547), 138; "*Symboleographie*" (1598), 140; *Three Brothers* (1657), 141; *Tiger* (1614), 140-1.

Policy Duty. *See* "Stamp Duties."

Pontacks, 16.

Popham, Sir Home, 229-30.

Port Letters, 23, 203, 222-3, 224, 264, 269.

Post Office, and *Lloyd's List*, 73-5, 222-3, 340; controversy with, 235-7. *See also*, "*General Shipping and Commercial List*."

Premiums, custom as to collection of, 65, 161, 250; weekly payment of, in Great War, 402; trust fund for, 423-6, 433. *See also*, "Wars."

RAM, Stephen, 49, 58.

Ransoming of prizes, 153-4.

Ratcliffe, fire at, 208.

Readshaw, Joshua, 112, 116, 173, 210.

Recapture, salvage on, 238, 279.

"Red Book." *See* "Register Books."

"Red Room," at L.C.H., 71.

Register Books, early, 84-7; rivalry of "Green" and "Red" Books, 303-5, 328-9; movement

- for fusion, 305-7; merged in Lloyd's Register, 329.
- Reid, Thomas, 193, 229, 249, 256, 291, 409.
- Reinsurances, prohibited (1746), 92-3; prevalent (1781), 164.
- Robertson, Alex., 312.
- Robinson, Rt. Hon. Fredk., 312.
- Robinson, G. R., Ch. of Lloyd's, 327, 333, 351-2.
- Robinson, John, 323, 329.
- Room, The, early use of term, 245.
- Rosee, Pasqua, 8.
- Ross v. Goschen*, 378.
- Rothschild, Nathan, 308, 315.
- Rowcroft, Thomas, 242-3, 263-4, 266, 268, 273.
- Rowland, John, 336.
- Royal Exchange, underwriting at, 9-10, 40, 56; Lloyd's moves to, 114-16, 119-20; burned, 334; re-opened, 341-3.
- Royal Exchange Assurance Corporation, origins of, 44-63; and underwriting, 66-7, 240, 245-6, 254; and policy, 133, 134, 145-7, 150; and Lloyd's, 174, 241, 276, 316, 340; privileges attacked and repealed, 241-2, 259, 307-14; and Salvage Association, 392.
- Royal George* Fund, 208.
- Royal Mail Steam Packet Co., 392.
- Rucker, J. D., 247-8.
- Russell, Col. John, 40.
- Russian seizures (1799), 192.
- Ryder, Sir Dudley, 81, 160, 161n.1.
- SADDLERS' Hall fire insce., 63.
- Sale by Candle, 19-20.
- Salvage Acts, 287, 362.
- Salvage Association, 370, 372, 384, 391, 392-9, 439.
- Sanday v. British and Foreign Marine Insurance Co.*, 414-15.
- Saumarez, Admiral, 224, 261-2, 263n.1.
- Saunders, Samuel, Master, L.C.H., 82-4, 88-9.
- Scotch Commercial Insurance Co., 315.
- Scott, Sir William. *See* "Stowell."
- Sea Policy Office, 290-1.
- Secretan, Fredk., 315.
- S.G., in Lloyd's policy, 132-5, 150.
- Shales's Insurance, 49, 52, 57-8.
- Shaw, Benjamin, Ch. of Lloyd's, 268, 273, 293, 306, 309, 311, 315, 320.
- Shedden, George, 250, 266n., 276, 310, 311.
- Shedden, Robert, 192, 229.
- Shepherd, Capt. Lewis, R.N., 224.
- Sheppard, Elizabeth. *See* "Jemson."
- Sheppard, Handy. *See* "Lloyd."
- Sheppard, Martha, 72n.
- Sheppard, Rebecca, 72, 72n.
- Sheppard, Samuel, Master, L.C.H., 29-30, 67-8, 70.
- Sheppard, Thomas, 72n.
- Shipowners, liability of, 287-8, 368-9.
- Shipowners, Society of, 235, 287-8, 305.
- Shipping Gazette*, 331-3.
- Ships, re-naming of, 201; wilful destruction of, 237, 238.
- Shipwrecks, Select Committee on, 362.
- Signals, coastal, 234; night, 234-5, 286, 386; Brackenbury's, 286; Marryat's, 286; International Code of, 362. *See* also, "Lloyd's Signal Stations."
- Sivedale, Elizabeth, 32.
- Sivedale, Mary. *See* "Lloyd."
- Sivedale, Thomas, 29, 32.
- Slaves, insurance of, 218-19.
- Slips, use of, prohibited, 289-90;

- INDEX struggle over use of, 290-3; sanctity of, 373-4; and policies, 437-8.
- Smith, William, 47.
- Smyrna Fleet, disaster to, 42-3, 52.
- Snodgrass, Gabriel, 329-30.
- South Devon Insurance Co., 315.
- South Sea Bubble, 44, 56, 58-9, 63, 90-1, 244.
- South Sea House, Lloyd's at, 337-42.
- Spencer, Joseph, Master in Subscribers' Room, 300-1.
- Stamp Duties, on marine insurance, 237, 288-93, 319-20, 328, 333, 349.
- State Insurance Scheme, 403-4, 406-7, 409-11.
- Staniforth, John, 266n., 276, 315.
- Steele, Sir Richard, on L.C.H., 26-7.
- Stephenson, Benj. Chas., Secretary of Lloyd's, 375.
- Stowell, Lord, 238.
- Sturge, A. L., Ch. of Lloyd's, 446.
- Submarines, losses from, 407-8, 410-11.
- Sunderland Joint Stock Marine Premium Insce. Co., 325.
- Sutherland, Sir Arthur, 413.
- Swift, Jonathan, on South Sea Bubble, 59.
- TAYLER, Thomas, Master of Lloyd's, 117, 125, 167; character and services of, 169-70; letters to Admiralty, 203, 203n.; death, 213; mentioned, 168n., 172, 208n.2, 222-3, 294, 299.
- Telegraph, semaphore, 340.
- Telegraph, electric, 350-1.
- Thompson, Andrew, 114.
- Thompson, Alderman William, Ch. of Lloyd's, 320-1; opposes repeal, 310-12; attacked and resigns, 325-6; mentioned, 323, 327.
- Thompson, Sir William, 45-6, 47, 50, 58.
- Thoresby and James, 173-4.
- Thornton, Richard, 197, 322, 358.
- Throckmorton, J. F., 253.
- Times* Memorial, 343-5.
- Tonningen, contraband trade through, 180-1.
- Townson, John, 112.
- Traitorous Correspondence Act, 178-9.
- Trebilcock, Edward, Master of Lloyd's, 213.
- Trent* affair, 348.
- Trinity House, 286-7.
- Truxton, Capt. Thos., U.S.N., 182.
- Tussingham, John, 29.
- UNDERWRITERS, rise of professional, 55-6, 64-6, 195-6, 215; Weskett's attack on, 159-62; become predominant at Lloyd's, 345-7, 357-8, 359-61. *See also*, "Insurance, Marine," "Lloyd's."
- Underwriting. *See* "Insurance, Marine."
- United Company of Insurers, 47.
- Unity*, brig, 211, 238.
- VAN Mierop. *See* "Mierop, van."
- Vaux, Edward, 304.
- Vaux, Jasper, 263, 266n., 271, 276.
- Venezuelan*, s.s., 378.
- Victoria, Queen, 341, 355.
- WAGER policies. *See* "Insurances, Gaming."
- Waldegrave, Admiral, 206-7.
- Waller, Charles, Manager, L.C.H., 89-90, 98-103.
- Walls, Andrew, 380.
- Walpole, Sir Robert, 78-9, 92.
- Walter, John, 155-6.

Walton, Charles, 366.

Walton, Pearson, 290.

Walton, Sir William, 369, 397-8.

War Risks, excluded from policy, 129-30, 151, 402-3, 414-15; special clauses for, 177, 180-1. *See* also, "State Insurance Scheme," "Wars."

WARS, with France (1689-98), 42-3; with Spain (1718-20), 53, 54, 78; of the Austrian Succession, 78-81; Seven Years, 157; Crimean, 348; American Civil, 348-9; Spanish-American, 400, Russo-Japanese, 181.

OF AMERICAN INDEPENDENCE: effect on Lloyd's, 153-8, 195-6; shipping losses in, 156-7.

REVOLUTIONARY AND NAPOLEONIC: attack on commerce in, 176-82; contraband traffic in, 180-1; shipping losses in, 182-7, and Appendix "A"; premiums in, 187-92; underwriting crises of, 192-3, 262; growth of Lloyd's stimulated by, 194-6, 203-7, 212-16, 217, 220-5, 239; trade protection in, 203-7, 231-5, 279-80; war funds in, 207-12, 227-31; censorship of news in, 235-6.

EUROPEAN (1914-18): financial effects of, 400-2; underwriting in, 403-14; premiums in, 405-6, 409-12; effects of, on the policy, 414-15; frauds arising from, 415-17; Lloyd's roll of honour

in, 417; war funds in, 418-19. INDEX

See also, "British Capture," "Convoy," "Enemy Property."

War Risk Association Ltd., 404.

Warren, Peter, 225, 256, 260.

Warriner, Mr., 301.

Watson, Sir Brook, Bart., Ch. of Lloyd's, on original Committee, 112, 116n., in chair at General Meetings, 172, 197; career of, 201-2; as Chairman, 202-3, 213, 215, 216; and Patriotic Fund, 227; death, 235n.2; mentioned, 174, 239, 274, 382.

Wellington, Duke of, 341.

Weskett, John, on revision of policy, 147-9; on state of insurance market, 158-62.

West India Dock Co., 238.

White, Arthur, 426.

White, F. A., 430.

White, Thomas, Master of Lloyd's, 209-10, 213, 221, 223, 232, 235-6.

Whitmore, John, 112, 116n.

Whitmore, William, 266n.

Whyte, John, 139.

Wilkes, John, policies on, 96.

Wilkinson, John, 112, 116.

Williams, S., 249.

Wolverine, H.M.S., 231.

Wood, George, 264.

Woolnoth, Sarah, 30.

Wreck and Salvage Acts, 362.

YORK/Antwerp Rules, 371.

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